

JPRS 76815

14 November 1980

West Europe Report

No. 1654

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets {} are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

14 November 1980

WEST EUROPE REPORT

No. 1654

CONTENTS

THEATER NUCLEAR FORCES

INTERNATIONAL AFFAIRS

- Madrid CSCE Petition Protests Soviet Helsinki Violations
(LE MONDE, 23 Oct 80)..... 1

NETHERLANDS

- Defense Minister Questioned on Use of F-16 Aircraft
(NCR HANDELSBLAD, 25 Sep 80)..... 3

COUNTRY SECTION

AUSTRIA

- 1981 Federal Budget Places Heavy Burden on Citizens
(NEUE ZUERCHER ZEITUNG, 11 Oct 80)..... 4
- Trade With East Bloc Deteriorates, Debts Increase
(NEUE ZUERCHER ZEITUNG, 15 Oct 80)..... 6

BELGIUM

- FDF Agrees To Conditionally Support New Government
(LE SOIR, 9 Oct 80)..... 8
- Martens Interviewed, Defends Government Policies
(Wilfried Martens Interview; KNACK, 1 Oct 80)..... 11
- Spaak, Algoet on Walloon-Flemish Communities' Controversies
(Johan Anthierens; KNACK, 1 Oct 80)..... 19
- National Debt Reaches Apocalyptic Proportions
(Guy Depas; LE SOIR, 11 Oct 80)..... 24
- Congress of Belgian Economists To Examine Initiative
(SPECIAL L'EVENAIL, 3 Oct 80)..... 26

CYPRUS

Economic Pessimism Mars Holiday (Editorial, Bilbay Eminoglu; BOZKURT, 19 Oct 80).....	28
--	----

DENMARK

Jorgensen Presents Government Program to Folketing (Lisbeth Knudsen; BERLINGSKE TIDENDE, 8 Oct 80).....	30
Finance Ministry: Quarter Million Unemployed by 1984 (Lisbeth Knudsen; BERLINGSKE TIDENDE, 9 Oct 80).....	32
Socialist People's Party Chairman Petersen Explains Goals (Knud Larsen; BERLINGSKE TIDENDE, 7 Oct 80).....	34
Prominent Left Socialists Desert Party Over Foreign Policy (Siveig Rodsgaard; BERLINGSKE TIDENDE, 3 Oct 80).....	36
Paper Comments on Single-Tax Party Congress (Editorial; BERLINGSKE TIDENDE, 7 Oct 80).....	38
Government Hopes To Change A.P. Moller's Oil Concession (Peter Kjølstrup; BERLINGSKE TIDENDE, 27 Sep 80).....	39

ERRATUM: In JPRS 76412, 11 September 1980, No 1621 of this series in the article entitled, "Portrait of Otto Steenholdt, Greenland Pro-Danish Party Chairman," on page 28, please change EF to read EC: Paragraph 2, lines 2, 3, 5, 9 and 11.

FEDERAL REPUBLIC OF GERMANY

CDU Deputy Allegedly Involved in Illegal China Arms Deals (DER SPIEGEL, 21 Jul 80).....	42
Massive State Investment Proposed To Eliminate Unemployment (DER SPIEGEL, 11 Aug 80).....	47
Unemployment Rising Toward One Million by Year's End (DIW WOCHENBERICHT, 2 Oct 80).....	50
Expert Views Future of Reichsbahn in West Berlin (Nils Diederich Interview; DER SPIEGEL, 6 Oct 80).....	53

FINLAND

Local Elections Confirm Trend to Right; Communists React (FRANKFURTER ALLGEMEINE, 23 Oct 80).....	57
Communist Labor Minister Aalto's Goals Analyzed (Avro Astikainen; HELSINGIN SANOMAT, 5 Oct 80).....	59

Väyrynen: Conservative Party Undermines UKK's Efforts (PaaVo Väyrynen Interview; HELSINGIN SANOMAT, 5 Oct 80).....	67
SKDL, Stalinist Leaders Differ on Causes of SKDL's Losses (Timo Lipponen; UUSI SUOMI, 10 Oct 80).....	77
Army To Increase Reserve Strength by 20,000 (HELSINGIN SANOMAT, 11 Oct 80).....	80
New Defense Budget Would Increase Soviet Arms Buying (HELSINGIN SANOMAT, 20 Sep 80).....	82
Coalition Infighting Renewed With Budget Presentation (HELSINGIN SANOMAT, 20 Sep 80).....	84
New Foreign Aid Budget Provides for 34-Percent Increase (HELSINGIN SANOMAT, 20 Sep 80).....	88
Pie Chart, Budget Figures Shown (UUSI SUOMI, 12 Sep 80).....	90
Oil Import Bill Doubles for Second Year in Row (Kari Kiuru; HELSINGIN SANOMAT, 12 Oct 80).....	93
Briefs Opposition to Egypt Aid	97

FRANCE

Senate Elections Increase Discord Between PC, PS (Jacques Fleury; LE FIGARO, 3 Oct 80).....	98
Disarmament: Marchais Advocates Compliance With UN (L'HUMANITE, 10 Oct 80).....	100
New Military Mobilization System Explained (Serge Martin; TAM, 25 Sep 80).....	102
Giraud Speech Suggests New Computer Relationships (Andre Giraud; ZERO-UN HEBO, 22 Sep 80).....	104
Cuba Involved in Recent Terrorist Attacks in Guadeloupe	
Paris LE FIGARO in French 26 Sep 80 p A6	
[For the above article please see JPRS 76762, 5 November 1980, No 2211 of the LATIN AMERICA REPORT series, pages 1 and 2]	
Briefs Missile Launcher to Indian Ocean	107

GREECE

General Secretary of Tobacco Exporters Federation Interviewed (Vassilis Thasitis Interview; BUSINESS & FINANCE, 11 Oct 80).....	108
Importation of Beef, Veal Banned (BUSINESS & FINANCE, 11 Oct 80).....	111

ICELAND

Paper Comments on Start of New Parliamentary Session (Editorial; MORGUNBLADID, 11 Oct 80).....	114
Finance Minister Presents Program to Althing (MORGUNBLADID, 14 Oct 80).....	116
Briefs	
Prime Minister Addresses Althing	117
Foreign Minister's Program	117

NETHERLANDS

PvdA Elects Den Uyl To Head Party List (NRC HANDELSBLAD, 29 Sep 80).....	118
---	-----

NORWAY

Voters' Move From Socialists to Conservatives Continues (Erkki Pennanen; HELSINGIN SANOMAT, 8 Oct 80).....	120
Budget Bill Expected To Pass With Few Changes by Opposition (HANDELS OG SJOFARTSTIDENDE, 7 Oct 80; ARBEIDERBLADET, 7 Oct 80).....	123
Oil Taxes Allow Cuts, by Nils Petter Tandero	
Tight Credit Policy	
Opposition Accepts Main Points	
NORIMPOD, Svalbard, Defense Outlays	

TURKEY

Boran Trial Postponed to January (TERCUMAN, 17 Oct 80).....	130
--	-----

MADRID CSCE PETITION PROTESTS SOVIET HELSINKI VIOLATIONS

Paris LE MONDE in French 23 Oct 80 p 4

[Text] As the November opening of the meeting that is a follow-up of the Conference on Security and Cooperation Europe approaches, the intellectuals have just issued an appeal for an examination of the final Helsinki Act, signed on 1 August 1975.

The key principle of a detente is nothing other than reciprocity, they are declaring. In all or nearly all areas this principle is being held up to ridicule by the Soviets with a cynicism that is--disarming. Their conception is obviously one of a "one-way" detent, which for example authorizes them to intensify the "ideological struggle" when democratic countries are forbidden to do so. What good would it do, then, to obtain new "humanitarian" commitments from the Soviet Union when it has not respected the previous commitments, and when at every conference it presents never-ending balance sheets which are denied by the continued repressions and the suffering of new victims?

Dignity, today, requires lucidity and firmness. It is for those who have violated the accords, it is for those who are making war to recreate the conditions for an acceptable and useful dialog. In order for a conference like the one in Madrid to have meaning, it would be necessary first of all:

1. For Soviet troops to withdraw from Afghanistan;
2. For the arbitrary control over Sakharov, the symbol of the fight for human rights, to cease;
3. That all political prisoners incarcerated for having demanded application of the Helsinki accords signed by their governments be given amnesty.

If these conditions are not met the conference will be little more than a screen and a certificate of international worthiness for the Soviet system. The governments of Western and Southern Europe and those of North America must be appealed to to say so clearly and to ask these questions for what they are--preliminaries to any useful discussion.

This appeal was signed by: Marcel Arland, Raymond Aron, Fernando Arrabal, Alexandre Astruc, Louis Arbessier, Paul Belmondo, Francois Billetdoux,, Etienne Borne, Robert Bresson, Jean-Clause Carriere, Maria Casares, Henri Chambre, Michel Crozier, Jean-Louis Curtis, Pierre Daix, Anatole Dauman, Jean Delumeau, Jean-Marie Domenach, Andre Dumas, Jean Elleinstein, Jacques Ellul, Francois Fejto, Leonor Fini, Max Gallo, Rene Girard, Julian Gorkin, Rene Huyghe, Roger Ikor, Eugene Ionesco, Lucien Israel, Philippe Jaccottet, Alain Laurent, Emmanuel Le Roy Ladurie, Emmanuel Levinas, Michel Lonsdale, Maria-Antonietta Macciocchi, Maria Mauban, Jean Messagier, Rene de Obaldia, Claude Pieplu, Andre Pieyre de Mandiargues, Marcellin Pleynet, Marthe Robert, Arthur Rubinstein, Joel Santoni, Pierre Schaeffer, Philippe Sollers, Olivier Todd, Lino Ventura, Paul Vialar, Etienne Wolff, Hans Hartung, Edgar Morin.

Signatures are being received: CIEL (Committee of Intellectuals for a Free Europe), 30, rue Saint-Dominique, 75007 Paris.

8946

CSO: 3100

DEFENSE MINISTER QUESTIONED ON USE OF F-16 AIRCRAFT

Rotterdam NRC HANDELSBLAD in Dutch 25 Sep 80 p 1

[Text] Den Haag, 25 Sep--Little seems to come of standardization of electronic airwarfare within the five NATO countries. Opinions differ on the best way the F-16, the General Dynamics fighter, can be protected against enemy countermeasures.

The F-16 must have electronic gear to warn its pilot that enemy radar has spotted him or is tracking him. To eliminate that threat the aircraft must be capable of interrupting or misleading enemy radar. How the F-16, a light fighter, can electronically be best protected has led to differences of opinion in the United States, Belgium, Norway, Denmark and The Netherlands. In the Dutch parliament the minister of defense was asked some questions on this subject.

Van den Bergh, member of the Second Chamber (PvdA) doubts if procuring an American radar-jamming device would be effective for the Dutch jet fighters of the F-16 class. He believes that the system is technically inadequate and much too expensive as compared to a Belgian-made system. He asked 20 questions on the matter.

Van den Bergh wants the minister of defense to tell him if the Dutch air force is about to order the American gear. He describes how the Belgian system would cost 235 million guilders and the American system 550 guilders. He also wants to verify reports that Belgium, England and Italy rejected the American system.

According to data from the American producer of the F-16, General Dynamics, the American radar-jamming device of 400 kilograms attached to the body of the plane would be much worse for range of action, acceleration and maneuverability than a device placed inside the plane.

With the assistance of an American company Belgium has made an internal antiradar system and placed it in its jet fighters of the Mirage-5 class. It will also be put in fighters of the F-16 class. Contrary to the American device the Belgian radar jammer should be able to confuse radar on the ground and shake off enemy aircraft.

Van den Bergh is wondering why The Netherlands has so far not paid any attention to the Belgian system. He asked the minister to delay a decision on radar-jamming systems and urged that this be discussed with him personally.

1981 FEDERAL BUDGET PLACES HEAVY BURDEN ON CITIZENS

Zurich NEUE ZUERCHER ZEITUNG in German 11 Oct 80 p 17

[Article datelined Vienna, 9 October, by gr.: "Bitter Pill for Austria's Taxpayers -- Finance Minister's Opportunistic Policy"]

[Text] Pursuing a practice which already appears to be a permanent part of its fiscal policy, the Austrian government recently passed and sent to parliament in the form of the 1981 Federal Budget a "tax package" which conceals a number of bitter pills beneath a thin sugar coating consisting of but a few concessions to the taxpayers. The systematic construction of fiscal and tax policies seems not to have been exactly the prevailing maxim in putting the package together. Rather, this package clearly reveals that Finance Minister Androsch in his budget preparation -- it coincided with the culmination of the crisis between Androsch and Chancellor Kreisky -- was under great pressure both politically and in terms of the matter at hand; he thus had to resort to measures which reflect political opportunism of the crassest sort.

Few Bright Spots

Details of the draft budget have not yet been disclosed: Androsch will not be revealing them until his budget message to the National Council. However, the finance minister's intended goal of reducing the net deficit -- which means the volume of new debt -- by 6 billion schillings to 25 billion schillings is said to have been achieved. According to Androsch, this was accomplished only through the "most stringent appropriations on the spending side, cutbacks and regroupings," not least at the expense of the reserves contained in the equalization fund for families; it further required the aforementioned tax package, wage and price increases and elimination of the government savings premium. Meanwhile, just how great the pressure of taxation already is, and how difficult it is to continue to draw from this well without draining it, can be adduced from the circumstance, among others, that a provision had to be inserted into the 1980 Tax Amendment Law which would prevent those who draw the lowest incomes, particularly the smallest pensions, from "growing into" income tax liability.

One bright spot for taxpayers is the increase in the limit on tax deductions for the work-related use of private automobiles from the present purchase price and accompanying operating costs of 133,000 schillings to the future level of 175,000 schillings (about 23,000 [Swiss] francs); another bright spot is the improvement of tax incentives for research and development outlays. The treasury thus gives up

around 300 million schillings per year in the income tax sector, although it more than compensates for this loss by upping the value-added tax and increasing a number of fees for government services (by a total of nearly 1 billion schillings). The first major turn of the VAT screw affects solid fuels, petroleum, fuel oils, gas oil, natural gas and electricity, for which the VAT rate will be raised from 8 percent to 13 percent. The second pertains to the leasing of private automobiles. The standard VAT rate has been 18 percent until now; in the future, however, the luxury tax rate of 30 percent must be paid. The fees for government services are to be increased by between 40 and 60 percent, including an increase from 70 schillings to 100 schillings in the fee for the most widely used inland revenue stamp. Becoming more expensive will be the basic rates for telephone service as well as a number of special telephone rates and postcard fees. The favorable postage rates for commercial mail and parcel post will be dropped. Price increases have already been instituted on tobacco products and salt.

Fleeing Operations

The finance minister is waging a special war with the financial apparatus over eliminating the government interest payments on premium savings plans. The elimination of this subsidy is to be made retroactive for 1980, and the contracts that presently exist with financial institution associations are similarly to be voided retroactively by means of a law. Since this action represented an encroachment upon civil agreements, these associations are considering taking the state to court. To be sure, the holders of premium savings plans would not be losing their premiums: The financial institutions would have to continue to pay them out of their own pockets while contemplating a cutback. Austria will (still) be spared the withholding tax on bank balances and savings accounts, a tax for which the Austrian chancellor had pushed hard for some time against his finance minister. Androsch literally bought his way out with a special bank tax carrying a 5-year limit.

Beginning in 1981, all financial institutions will have to pay this special tax amounting to 0.5 percent of their balance sheet totals (adjusted for central bank credits to promote exports and for passive foreign exchange debts) plus 100,000 schillings for each branch, including main offices, and/or 10,000 schillings for each subbranch. An example of subbranches would be the Postal Savings Bank's post offices. The total amount payable is limited to 1 percent of the total balance. The state treasury expects a yield of 1 billion schillings per year. The finance minister will also be taking in 1 billion schillings annually from a special 4-percent tax -- similarly limited to 5 years -- on the refinery selling price of gasoline and diesel fuel; this tax will have to be paid on the occasion of the "initial inland delivery," or upon importation. This payment was originally conceived "in terms of structural policy" as a gasoline station tax. Since the number of these stations has already been shrinking for years, its "function was changed" to that of a solidarity contribution; according to the official version, this was expected of the multinational corporations all the more since they "have been boasting" of giant windfall profits as it is. With a similar justification which appealed to the widespread jealousy complex and which derived from the branch-bank boom and the interest-rate race among the financial institutions, the special bank tax had been proclaimed initially as a branch-bank tax even though the finance minister himself had initiated a liberalization in these sectors, allegedly for reasons of structural policy. There is no doubt, however, that Androsch has targeted for these two taxes groups which broad segments of the public, unfamiliar with economic causes and effects, definitely view as appropriate objects of these fleeing operations.

TRADE WITH EAST BLOC DETERIORATES, DEBTS INCREASE

Zurich NEUE ZUERCHER ZEITUNG in German 15 Oct 80 p 15

[Article datelined Vienna, 13 October, by gr.: "Growing East Bloc Debts Owed to Austria -- Slack Foreign Trade"]

[Text] The debts owed by the communist states of Eastern Europe to Austria have continued to grow rapidly of late. According to figures put out by the Institute for Economic Research, the debt level increased from 39.5 billion schillings to 45.3 billion schillings from 1974 to 1979 alone, while it had amounted to only 8.1 billion schillings at the end of 1984. These data contain claims by Austrian banks within the framework of export financing (financial credits that are tied up; forfeiture) as well as the contributions by Austrian credit enterprises to disposable Euromarket credits for the East bloc states. The majority of Austria's net claims are long-term claims. Gross short-term claims amount to 17.8 billion schillings, short-term obligations to 11.3 billion schillings.

Almost half the credits to East bloc states were granted to Poland; the second-largest debtor was the GDR, with a volume in excess of 8 billion schillings. Of Austria's claims against Hungary in the amount of 6.6 billion schillings, nearly half were short-term; they were probably Euromarket transactions for the most part. Debts owed by the CSSR, Romania and Bulgaria were relatively small. Austria's long-term claims against the Soviet Union reached 3.5 billion schillings. Compared to this were net short-term obligations of 1 billion schillings (probably from the current account). No statistical data are available on the claims by Austrian export enterprises against the East bloc states (trade credits). They probably amount to more than 15 billion schillings. Thus, total East bloc indebtedness in Austria was in excess of 60 billion schillings at the end of 1979.

The slackness in the development of Austrian exports to communist Eastern Europe, a trend that has been noticeable since the middle of the 1970's, continued in the first half of 1980. Increases in exports -- 9.4 percent in the first quarter and 6.9 percent in the second -- lagged behind the growth rates for total exports and continued to be substantially behind those for imports from Eastern Europe. The East bloc trade balance, which in the first quarter had been passive for the first time since 1963 at 900 million schillings, had already added another 1.1 billion schillings to the import imbalance by the second quarter.

Foreign trade with the Soviet Union is still proceeding at an unsatisfactory pace. Since 1971, Austria has had to accept trade balance deficits which by 1979 came to

between 3.5 and 4 billion schillings. A deficit of approximately 5.5 to 6.5 billion schillings must be expected in trade with the USSR in 1980. As a consequence of large foreign exchange debts and rising prices for crude oil, the majority of East European countries (with the exception of the USSR) have been forced to cut back on their imports from the West. Exports consequently declined in the first half-year in two important categories -- iron and steel as well as machinery and means of transportation. There has been a continued vigorous increase in the export of various intermediate products derived from chemical products and raw materials.

745A
CSO: 3103

FDF AGREES TO CONDITIONALLY SUPPORT NEW GOVERNMENT

Brussels LE SOIR in French 9 Oct 80 p 2

[Article by J. v. R. : "FDF Willing to Back New Government but States Demands for New Brussels Status"]

[Text] By announcing her party's readiness to support a new government, but under very specific conditions, FDF [French-Speaking Democratic Front] president Antoinette Spaak somewhat surprised the political world. The possible contribution of 11 deputies and 9 senators from the Brussels federalist group to a bipartite Christian Socialist combination would permit attainment of the famous two-thirds majority needed to resolve the Brussels problem.

Together, Social Christians and Socialists total 140 seats in the Chamber. They lack two to obtain a two-thirds majority.

The idea broached by Mrs. Spaak was greeted with a certain interest on the French-speaking side, but with much reserve on the Flemish side.

The Flemish majority's position in this regard is known. It was clearly defined at the time of the UNF [expansion unknown] congress held at Heynel on 16 December 1979. Leo Tindemans again quite recently summarized that position at a Brussels banquet given by Flemish employers: amalgamation of the 19 communes, and a joint executive body with equal numbers of Flemish and French-speaking members.

Suburban Communes to be Consulted

"All political parties are candidates for power," said Mrs. Spaak. "We are not averse for portfolios, but we are ready to support a government whose communal economic and social program is acceptable and can be rapidly carried out."

"We have also insisted that a solution must be found quickly. We will not wait indefinitely. The Brussels region must be set up within six months at the latest. Brussels must be a region endowed with the same institutions and authority as the other two regions (Walloon and Flemish). The financial resources of the region are an important factor. Those known as supplementary resources must be delimited and fixed: to offset the costs of hospitals, public buildings are to be taxed, for the state and the universities now pay no taxes, which deprives the communes of a considerable source of revenue. Apportionment of communal funds, at its present rate particularly disadvantageous to certain communes on the verge of bankruptcy, must be revised. The city of Brussels receives a supplement of 4 billion. Why do not other communes receive an amount proportionally equivalent?"

"Regional executive and assembly must be democratically elected--one man, one woman, one vote. The executive must also reflect political forces in Brussels. In this regard, it is too often forgotten that if the Brussels regional assembly were to meet, the FIF now has 21 votes out of 40." Finally, specified Mrs. Spaak, "my party will soon organize in all inner city and suburban communes a consultation on the institutions of the Brussels region."

Had the FIF proposals to take on economic and social matters? Questioned by us, Mrs. Spaak observed that the initiative in the present instance must take form from within, but that her party would, in the event, support the government from without only if it offered a coherent economic, social, financial, and institutional program. "For," she added, "it is clear that today everything is linked, particularly in Brussels where new institutions should permit the pursuit of an economic and social policy specific to the region."

Such is the FIF offer, but not at any price. And no doubt the Brussels party has few illusions as to the proposals to be made by its future governmental partners concerning Brussels.

Shocking, Says PRL

Several parties reacted to the position taken by Mrs. Spaak. Thus Jean Gail, president of the PRL [expansion unknown], described her attitude as "shocking." "It is embarrassing," he said, "to see the manner in which that party has offered its services, especially when one knows how it was treated in the past." The PRL did, however, declare itself "prepared to assist in the completion of state reforms, and that unconditionally." As for Brussels, "If the solution developed by all parties appears acceptable to us, we will support the definitive state reforms as regards Brussels without conditions." The president of the PVV [Dutch-speaking Liberals] added that was the case for his party as well.

For his part, Vanden Boeynants declared himself "very heedful" of Spaak's statement. "It is important," he said, "to note that an opposition party

can consider supporting a reasonable and balanced solution." "But," he was quick to add "our major concerns are with economic, social, and budgetary problems."

Not a Chance, Says Walloon Group

As for RW [Walloon Rally] president Henri Mordant, he appeared much more skeptical. "We too," he said, "are ready to lend outside support to a government offering us a suitable institutional program: a government recognizing a true autonomy of regions and communities and granting them the right of free discussion among themselves. For Wallonia, economic and social problems have priority. How is employment to be restored when the country will soon number 600,000 jobless? No longer in heavy industry or in the service sector are new jobs to be found, but rather more in cultural activities, teaching, and social services.

"In shaping her proposal, Mrs. Spaak has shown an inventive spirit. One can understand her, in a region which lies in the Flemish lion's paw, but she knows she has but one chance in a hundred thousand."

6145

CSO: 3100

MARTENS INTERVIEWED, DEFENDS GOVERNMENT POLICIES

Brussels KNACK (in Dutch) 1 Oct 80 pp 26-29

[Interview with Prime Minister Wilfried Martens, at the editorial offices of KNACK, in Brussels, by Hubert van Humbeeck and Frans Verleyen: "Martens: I Am Not Part of the Establishment;" date of interview not given]

[Text] "The government does not do much more than round off corners. Political life looks gruesomely dirty and narrow-minded. The missile affair ended in an obscure compromise. The social debate is slowly running aground, without the hoped for budget cuts. The government will decide tomorrow what it is going to decide. The socialists and the liberals can no longer stand each other within the coalition; one of them will have to go. The authorities keep mopping up by the open faucet; savings come to nothing. The government is engaged in social demolition. The 1981 budget is based on faulty data, optical illusion and naive prospects. The three (or six) party cabinet is badly put together and should be given a different composition. The state reform does not satisfy anyone, and what is to happen with Brussels?" These are only a handful of quotes from speeches, communiques and comments.

All the recent political waves, always with vague speculations about a prospective political crisis in the background, have begun to muddy the picture of the Martens III administration. The prime minister accepted the invitation of our editorial staff to come to its offices to defend his view of the situation. I was quite an interview.

[Question] For the last one-and-a-half years now, you have been leading what by now amounts to three administrations. You have cut enormous knots, such as the state reform, starting up the social debate again, the new tax legislation, the large industrial plans, Zeebrugge and the harbor politics and recently also the unblocking of the school policy with regard to building funds, rationalization and a review of the school pact bill. Following the dangerous deliberations about the NATO nuclear missiles, you are now faced with the deadly file of social security. In spite of the high stakes, there is as to your ability to make far-reaching decisions. It is not considered imprudent that the Martens III administration may soon stumble.

[Wilfried Martens] I hold on to my heart at that thought and, at the same time, I note that the points you have recapitulated represent an enormous amount of work which, in the midst of an ocean of difficulties, was accomplished after all in an 18 month period. I see a thread running through the three Martens administrations. The first one, with the FDF [Democratic Front of Brussels French Speakers], was very dynamic and, in spite of the great distrust for that five party formula, it tackled all the sleeping files at once. In July 1979, there was the preliminary state reform, so that the regime could go on with its work. We promptly started implementing a budget which we had not prepared. The social debate got back on its feet and led, among other things, to a doctors' strike, which we went on to win. The idea of an overall shortening of working hours to 36 hours was given up first, primarily because our European partners set no value by it at all, which made a solo act by Belgium too risky.

The characteristic of the Martens II administration was: the great jump forwards in the direction of parliament. That administration -- which only survived for 2 months -- conducted a debate about the state, which was of invaluable importance to the Belgian political system, and continued it until its fall. This had been unknown since the time of Spaak. Ultimately, the government fell three votes short for its, to my mind still good constitutional review, and fell in full public view without any arrangement. That was not a crisis behind closed doors, but a political moment of great importance, which in the end led directly to the opportunity for a large coalition, including the three political families, to emerge.

Finally, notwithstanding its youth, this three party coalition has since then concerned itself with those matters which appear in your own enumeration, that is to say with practically everything the Belgian state could concern itself with.

[Question] Many important decisions then. But is it given to modern administrations to be able to evaluate the scope and consequences of all those decisions? Isn't the whole practice of meeting in an "inner cabinet" motivated by the fear that nothing can be completely overseen any longer?

[Martens] In simpler times, it was the natural role of a qualified minister to inform the cabinet council of the policy he conducted and the decisions he made. In theory, this could still be done, but I prefer the political method of fellowship and solidarity within the cabinet councils. I have just written a letter to Brezhnev and could have done it perfectly well on my own, or in conjunction with the minister of foreign affairs. Yet, I preferred to submit it to the six members of the inner cabinet, which meets every Monday afternoon. That has nothing to do with hesitation or indecision. I find that group decisions -- even if they may develop a little more slowly -- are usually of a better quality than individual ones. The task of prime ministers is primarily to invite or provoke actions and decisions on the part of the other ministers. Furthermore, the method of the Monday inner cabinet meeting has the great advantage of making it possible for the government to reply immediately to what was said in the morning at the party leadership meetings. This way, mistaken reasonings or party political conflicts are promptly caught.

[Question] And yet, the liberal party presidents came to tell you that the cabinet was badly structured, that it should at least be rearranged and possibly provided with a few ministers without portfolio.

[Martens] It is true, administrations with six partners are complicated and require a careful chairmanship. It may well be that the system of ministers without portfolio strengthens the overall deliberation of major options. But I am not convinced that party presidents would be able to serve political life better from within the government itself. As a matter of fact, at one time the problem also arose, when the negotiations in Egmont and Stuyvenberg seemed to take place too far away from the government and thus undeservedly began to suffer from a junta image.

[Question] You, yourself, were a clear proponent of the installation of nuclear missiles on our soil, as NATO would like to see it. You were compelled to restraint because the Flemish socialists demanded a postponement of the decision at all costs. For hours, the cabinet council had to bend over our foreign and strategic policy. Didn't you and a number of ministers miss the opportunity to support a democratic operation, originating on the Flemish side, with more heart, soul and nuances?

[Martens] But we always remained very consistent, didn't we? In our first decision, on 12 December, we already made the installation of missiles dependent on certain initiatives, to provide the opportunity to weigh negotiations, which would actually come from the then Minister Simonet. Because of the crisis, this did not occur, but our policy determination in recent days has nevertheless been equally indisputably tied to the idea of negotiations. Not a single European country has subscribed this strictly to that perspective. It no longer even carries a date, as we had seen before. We are taking the chance that the negotiations with the Soviets, which will start on 13 October, will seriously succeed.

I also believe that the cabinet has been very sensitive in considering everything that has occurred in public opinion and within the political parties with regard to the armaments problem. The December decision resulted in a large demonstration against modernization of the NATO missiles. Even the CVP [Social Christian Party] youth took part in this and the people raised many critical questions. We did not push these aside. When, later on, the controversy shifted from public opinion to the political parties (even though the CVP youth, for example, were beginning to quiet down about it), we could not, as a government, get around it either. Our hope for success of the proposed negotiations may not quite be gratefully received by NATO, but it is equally obvious to the alliance that we will be loyal in the implementation of the conclusions of the deliberation.

[Question] It has been written that, from the beginning, you have had to handle the missile file under heavy American and German pressure.

[Martens] That is not true. The international debate about the missiles was already in progress before I became prime minister. Specifically, Helmut Schmidt already pleaded for modernization of the NATO missiles at the summit meeting in Dublin. And I agreed with his perception that the participation of four or five other European countries in this program would be very important politically for the Federal Republic of Germany. This is not a matter of technique alone: strategically speaking, it is of little importance whether all those devices are located on German soil or spread over a few countries around the Federal Republic of Germany. They are very sophisticated and quickly moved. But Schmidt naturally does not want to and cannot stand alone with this nuclear responsibility. I have always agreed with him, and still do.

[Question] Schmidt could back out if Reagan is elected and he does not sign SALT II. He also has his conditions.

[Martens] I have been told all kinds of things about a possible shift in position by the Germans after the fall elections. But officially, the only view I am aware of is the one I just attributed to Schmidt.

[Question] Who actually won that missile debate in Belgium? The final government text is called sibylline.

[Martens] The statements in this respect were clearly inspired by a desire for polemics. Former Minister Simonet said that the latest government declaration was worse than the decision of 12 December. I am afraid that he feels that way because he participated in the previous decision, which was not the case now. I really cannot understand where the ambiguity could be in the government position. The plan concerning the installation of the missiles -- in greater or lesser number than the original NATO decision, or none at all -- will be completely parallel to the results of the negotiations. The Belgian government naturally retains the right to judge the outcome of the negotiations itself, before going to the final NATO deliberations, but it has already said now that its evaluation will be in solidarity with the alliance.

[Question] Those negotiations with the Russians could take a long time. To what extent does the cabinet decision bind future administrations?

[Martens] It is not simply a question of a point in the minutes of the cabinet council. This decision is also submitted to the judgement of parliament. Its ratification would automatically guarantee its continuity. It could then be incorporated as a matter of course in a future government program. Moreover, I would draw your attention to the fact that the government accomplished this perfectly according to the rules of the game, and that it remains attached to the /constitutional prescription/ [in italics] that matters of defense and foreign policy are first settled by the government and are only later on accepted or rejected by parliament.

[Question] Two weeks ago, you said that SP [Socialist Party] President Van Miert was not entirely proper in the pressure he was exerting on the cabinet.

[Martens] That comment appeared in LE SOIR, but it really was shortened a little too much, which sometimes happens accidentally in lengthy interviews. Besides, the political method used by President Van Miert is not my problem. As prime minister, I could only assess that all the members of the cabinet council were sufficiently able and free to conduct a broad and serene debate among themselves. This resulted in the unique position of firm principle of the Belgian government. We have in fact specified the government agreement and have been free of what Minister Nothomb called "the /bad open-endedness/[in italics]" of the question of what would be the ultimate date by which we would make a decision on the missiles. In the end, we have determined an overall attitude, with a logic which was not reached in many other NATO countries, and which deviates from the line of thought that it will only be possible to negotiate with the Russians after the installation of the missiles and from that position of "strength." Yet, we did remain a good NATO partner, of course alongside the United States, because it is only in this way that a country can exert any influence within NATO.

Balance Pushed Downward

[Question] With the missile affair it was still possible to achieve a consensus, within the administration, out of very divergent positions. The deliberations on the financial recovery in social security (eliminate a 34 billion franc deficit) did not proceed from diverging opinions but from positions which are diametrically opposed to each other: especially Minister De Croo's text versus that of Minister Dhooze. The suspicion arises that the three party coalition is no longer a suitable instrument to get through all of that.

[Martens] The philosophy of any Great Coalition is by nature that of maximal unity among intelligent and responsible people during a difficult time. As a matter of fact, we experienced an important historical precedent with the Van Zeeland administration before the war. That formula worked then, albeit not without its inherent difficulties. It remains my conviction and my hope that something like that must also be possible now. The social debate in progress now includes too many hard figures to permit playing "politics": those 34 billion francs, the 28 billion franc deficit in the sector of retirement benefits for the self-employed and the lack of 6 billion francs for retirement benefits for civil servants. They simply become a hole in the current 1981 budget. The total expenditures for retirement benefits will then amount to 94.4 billion francs, that is nearly 17 percent more than this year. The drawn up budget can produce 88.4 billion francs, but the remainder was left open.

[Question] Criticism on your 1981 budget is getting continuously sharper.

[Martens] There is here and there a lack of comprehension of the figures. Do remember, however, that the government will have reduced its net balance to be financed, to 8.11 percent of its total expenditures. In the budget we had to carry out this year, this figure was originally 9.20 percent and, after adjustment, 9.92 percent. /Thus, the balance was pushed downward forcefully/ [in italics]. And for heaven's sake, look at the following. This package includes 740 billion francs in expenditures which have legally to be indexed (wages, retirement benefits, social benefits, grants to provinces and municipalities) and 200 billion francs for repayment of the public debt. Together, this amounts to 940 billion francs, with regard to which the government has no room at all to maneuver. Remainder: only 255 billion francs, which, purely theoretically speaking, can be managed. That is not much, especially not when one considers that the various departments originally requested 1,322.4 billion francs, and that we eliminated 127 billion of that with a hatchet. At the same time, we also effected major tax adjustments (they are being implemented), and in March and May we kept the current budget in step via two operations (the 2.2 percent and the additional savings), in order to maintain the previously agreed upon deficit of somewhat above 80 billion francs. This may become necessary once again, because, due to the slowing down of the economic cycle, the treasury department has already collected 19 billion francs less than expected. Fortunately, we have a surplus beyond the estimates of more than 6.6 billion francs in non-tax receipts.

[Question] A new fact in the policy of welfare states is that the traditional left is no longer aiming for a tax strengthening, on the contrary. Aren't we heading for the neighborhood of a massive popular revolt against taxes, of a Glistrupe effect? This rapidly rising Danish politician suddenly obtained one quarter of the votes with a wild anti-tax program.

[Martens] But he also disappeared immediately. Yet, we now know for sure that even modest incomes are really beginning to suffer under the tax burden. Furthermore, the state's share in the development of the GNP is becoming too big. On the other hand, there is the fact that the phenomena of prosperity, which are visible and noticeable for everyone, prove the existence of a large second circuit. There is something crazy somewhere. The economic picture on the street no longer conforms to the main budget data. The state is, through its own fault, growing to death. That is a defeat for the political system.

Committees

[Question] Virtually all the studies predict that we are heading for an unemployment figure of half a million people, within 3 or 4 years. Can the now existing absorption regulation be maintained until 1985?

[Martens] (tense) I recently paid a visit to the authorities of Limburg. I was told that they figured that the level of unemployment in the province amounts to approximately 20 percent of the active population, including a terribly large share of the youth. I would like to give my solemn assurance that our system cannot tolerate such a situation. This leads to catastrophes. Everyone -- employers, unions and government -- should think about this thoroughly, especially those who speak belittlingly about the social debate.

[Question] European politicians often complain that their people are not sufficiently aware of the crisis. This is doubtful. It appears rather that those people no longer believe that politics can do anything for them.

[Martens] I also believe that the people live in the realization of the crisis. But they must constantly keep getting explanations about where the main stumbling blocs are and what the exact situation is. Thus, last week, in my television address, which has been called a somber one, I explained that we are really borrowing too much from abroad. And it is also a fact that /family incomes/ [in italics] are still growing, at the expense of the state and of the enterprises. That is the reality. We must go back to living within our means, but the austerity measures must really and truly be carried out according to everyone's financial capacity, and without touching those who are worst off. This is why a three party coalition is necessary and why even a Christian democrat - liberal formula would not work. Otherwise, new problems will come up which can no longer be controlled by anything or anyone. /Everybody now has to take the plunge/ [in italics].

[Question] Even Minister Poswick? And the army?

[Martens] In this respect, I want to stick strictly to the government agreement. As a matter of fact, the recently arisen discussion about the 750 million francs for fuel has stirred up a costly and important point in the government agreement: shortly, we will put a large /defense committee/ [in italics] to work to carry out the essential debate, that of efficiency and operationality of our combat forces in general. It will be the sixth committee of its kind in the history of our fatherland.

[Question] And then there will also be a committee for Brussels, to provide this region with its institutions by the municipal council elections of 1982. Are you going to get back into the community mess?

[Martens] To tell you the truth, I would really like to see other respected politicians for once shoulder the risk of such negotiations. But if this is not possible, then I will gladly make the government -- and thus also myself -- into the moving force behind the deliberations on Brussels; otherwise, I am afraid that not much would come of it. However, the definitive work method has not been chosen yet. Tindemans has proposed a new negotiating group of 28 people. Others are pleading for a parliamentary committee and PRL [Party of Liberty and Walloon Reform] President Gol would like to keep it within the government, without the opposition.

[Question] The opposition will be involved no matter what. There is a great deal of silent opposition within your cabinet itself, within your own party, and within the youth movement belonging to the majority.

[Martens] These young people, yes. In my time, especially between 1968 and 1971, when there was also a great deal of criticism about the Eykens-Cools administration, the youth always chose the side of their government. They issued long term plans and documents about problems and did not go in for back seat politics. As a matter of fact, at that time they had only just received the right to issue communiques on their own. Since then, this political enfranchisement has not always been put to good use.

[Question] But the distaste of the CVP youth for the "national establishment," the political and union authorities who only stand up for their own continuity and are sticking to their seats, is a long term idea, isn't it?

[Martens] (disconcerted) But I do not belong to the establishment in this country. I do not belong to it at all... Furthermore, this excitement about the establishment always returns during periods of crisis. But me?...

[Question] You have made the country regional. The question arises whether it will be a lasting work. Wallonia already feels that regionalization is no longer adequate. And the Walloon socialists are afraid that the Walloon federal bodies will fall in the hands of a conservative majority. That is the end of the dream of a progressive coalition.

[Martens] Proportionality in the regional government will apply for 4 years only. Afterwards, it will be possible to develop regional coalitions in complete freedom. And now I would like to say something important about the Walloons. During the last 10 years, they have /rightly/ [in italics] refused their cooperation to the good functioning of the Belgian state as long as the constitution, as far as they were concerned, had not been implemented. In recent times, they even /held back our whole regime/ [in italics], thus kept it pacing in place, by not ratifying any budgets without a parallel state reform. They have now been freed of this historical complaint and must now be able to stop their opposition.

Even more: now, the regions must really begin to do their work on their own. We have agreed that five economic sectors will remain in the national planning: steel, coal, shipbuilding, textiles and glass containers. For the rest, the regions will have to learn to actually answer for themselves, without "state guarantee" or anything like that. They must become aware of the deep change which will take place in the working of the state as of /1 October 1980/ [in italics]. I can already hear the metal construction sector, for example, announcing that it wants a national plan. Well, that is not possible.

Aside from that, I do understand a little the disappointment about the amount of the regional means, something on the order of 7 percent of the state budget. But they forget something. I am convinced that our whole educational system can only be managed well through a /community/ [in italics] policy and budget. If one were to succeed in solving the whole matter of school peace and school post on a regional basis, then that education -- both higher and elementary -- could be federalized. Then the regions would suddenly climb to virtually one-third of the national budget and that is a just, and reasonable proposition.

8463

CSO: 3105

SPAAK, ALGOET ON WALLOON-FLEMISH COMMUNITIES' CONTROVERSIES

Brussels KNACK in Dutch 1 Oct 80 pp 30-32

[Report on interviews with Antoinette Spaak, president of the FDF, at the FDF headquarters in Brussels, and with Celine Algoet, mayor of Rhode-St-Genese, at the restaurant of the new municipal swimming pool, by Johan Anthierens: "Red Roses for Antoinette and Celine"; date of interviews not given; passages enclosed in slant-lines, printed in italics]

[Text] On Friday, 3 October, the atmosphere at the second dance given by Celine ("Puck") Algoet, mayor of Rhode-St-Genese, the Brabant municipality with special language facilities, will be charged. Attentively performing the quick step, people will recall the fact that on Monday, 22 September, the mayor ejected a French speaking invasion by closing the gate of her Cultural Center to an FDF-RW [Democratic Front of Brussels French Speakers - Walloon Rally] party council, which had planned to meet there. In the name of Orange and to safeguard the peace in Rhode-St-Genese.

Led by President Antoinette Spaak, FDF council members came to assess the impene-trable situation, which resulted in vituperations and skirmishes and the publication, the next morning, in the Brussels newspaper LE SOIR, of a dramatic picture of Mrs Spaak at the moment when she -- according to LE SOIR -- was hit on the head by a rock. A French speaking woman as target and a Flemish speaking one in the center of a hot spot of the chilly linguistic struggle; we went to talk to the ladies with a bunch of flowers (red roses...) for each. Separately, as a direct confrontation was not appreciated. We first visited with FDF President Antoinette Spaak, at her party's headquarters on the busy Charleroi Road in Brussels.

[Question] What was passing through your mind at the moment when the uproar broke loose?

[Antoinette Spaak] I will tell you. The first thing that struck me was the difference between our peaceful group, which came walking along and, standing in wait for us, a hundred /grim demonstrators/ whose fierce hostility was not tempered at all by the local police. We had to get to the Cultural Center to see whether the mayor would honor the order of Governor Roggen of Brabant (to open up the building) or not, but to do this we had to get past that bunch of excited young people, /very young people/. We hesitated, we felt anything but safe, but at a certain moment I gave the order to proceed: "There is nothing else to do, we have to go." Friendly, smiling -- I saw it later on television that I was still smiling then --, we climbed

the stairs of the terrace. At that point, all hell broke loose, an avalanche of people rushed into us; I was crushed in the midst of a tangle of fighting people, and then I got -- not a rock, one should never exaggerate -- a tomato in my face. But at that moment, I did not know precisely what had hit me; it was an uncomfortable moment... I was afraid to fall, I was propelled forward by a group behind me and halfway lost my balance because of people running into each other in front of me. I thought: if I fall, I won't be able to get up again. Thereupon I was carried upstairs as it were by my supporters, who feared the same thing. There we were pelted with the most diverse rotten projectiles, stink-bombs, gravel and pebbles, but not rocks.

[Question] You were the target, deliberately so. You were the woman who moved the language disturbances to Rhode-St-Genese. "The one through whom scandal arrives!"..

[Spaak] That is true. It was literally true that at the moment of my appearance the fat was in the fire, and I thought that /I/ was bringing discord to the village. Later on, I was sad to realize that I could not have talked with those Flemish youth about what was in their minds and what we stand for. I was the /personification/ of an explosive moment, and if you only knew how much I abhor violence... I would have liked to explain to those Flemish boys and girls that the Belgian citizen enjoys the right to /free/ assembly. As long as this is not coupled with a public showing of the flag, the FDF can, if it so wishes, set up a meeting in Antwerp or Ghent...

[Question] This sounds like political hypocrisy to me. If your party sets up a meeting in a Flemish municipality with language facilities, then this does not happen by coincidence.

[Spaak] You are right; by so doing, we want to emphasize that for us Brussels does /not/ end at the borders of the 19 current municipalities. The traditional parties have accepted this Flemish belt -- very frivolously, and unaware of the tragic consequences --, but we did not. The debate on Brussels must still take place at the highest political level, and the six facility municipalities are directly involved in this; nobody can foresee what the debate will bring, but, for the time being, /we/ are also at home in Rhode-St-Genese (with 50 percent French speakers) and we have the /fullest right/ to express ourselves there and to give as good politically as we get. I find it a strong sample of Flemish brutality to negate the discussions, which still have to take place, by postulating already that there is /no question/ of negotiating. On the contrary, discussions must be held!

[Question] The newspaper LE SOIR refers to the "Flemish" municipality of Rhode-St-Genese. This sounds to me like incorporating an area by means of quotation marks?

[Spaak] (laughs) Rhode-St-Genese is a facility municipality. There are 100,000 French speakers around Brussels, but you deny this political reality, while we agree to talk about /supplementary/ rights for Flemish people within the current Brussels municipalities. The extent to which Rhode-St-Genese is Flemish, will be shown by the 1982 municipal council elections if we succeed Mrs Algoet as head of the municipality.

[Question] Recent opinion polls predict instead a heavy electoral loss for your party...

[Spaak] If I may spare you a disappointment, do not mislead yourself with intermediate measurements. We rely on a strange rank and file, who seem rather absent in between the elections, but who close ranks -- in double measure -- when push comes to shove. Besides, Mrs Algoet's "sly move" has awakened the sympathizers and brought a flow of new members... Actually, the mayor of Rhode-St-Genese deserves an honorary membership in the FDF...

[Question] Can you put yourself in Mrs Algoet's shoes?

[Spaak] It is always difficult to put oneself in someone else's shoes. What I can say, is that it was our intention to meet very peacefully and unobtrusively. If the mayor had taken no notice of the event, nobody would have been any the wiser. Her intervention was wrong, very wrong, in terms of democracy as well as with regard to public opinion. Mrs Algoet has smashed the windows of her own town hall; this gesture will leave a bad taste in her mouth...

[Question] If you had been born in the Flanders, let us say as the daughter of Achilles Van Acker, would you then have been at the head of the People's Union?

[Spaak] If I had been Flemish, I would have been Flemish through and through, a militant Flemish woman. I defend the French cultural community with tooth and nail and I have nothing but respect and appreciation for the Flemish who do the same thing on their side. But there are rules and conventions which have to be accepted and applied within a democracy...

[Question] Don't you ever get tired of that community fumbling? Don't you ever feel -- like your father did, but then in the opposite direction -- like changing political clothes?

[Spaak] The community differences, however annoying and petty they may be, are of vital importance to the continued existence of Belgium. I love this country and I want to cooperate in an ultimately durable pact between the Walloons, the inhabitants of Brussels and the Flemish, in other words in the development of a tripartite federal Belgium. As for the so-called "big" parties, spare me them; both the left and the right wing groupings lack any topical view of the political landscape. They are calcified bodies, rattling skeletons. Belgium needs a new party, attuned to the true needs of today's citizen, a twentieth century party, such as my father always dreamed of.

[Question] A party, such as Jan Terlouw's Democrats '66 [D '66] in the Netherlands?

[Spaak] In that spirit perhaps. Within the European Parliament, I get along particularly well with the two representatives from the D'66.

Mrs Algoet is not usually called Celine, but "Puck," a souvenir of her youth in public high school in Ghent, when the teacher enthusiastically dwelt on "A Midsummer Night's Dream" by Shakespeare and compared her student, who could not sit still, with the quicksilver Puck from the play. That has stuck. Puck Algoet received us in the restaurant of the new swimming pool. Below us, 2 and 3 year old toddlers were hesitatingly receiving their first experience in the water, an experience for which the "thrilled" Puck left her steak and fries untouched and let the conversation cool off.

[Question] Your fierce Flemish reflex is of recent vintage and borders on political opportunism. You, and your husband Georges Algoet, come from a bilingual CVP-PSC [Social Christian Party (Flemish)-Christian Social Party(French)] past when your leader, Paul Vanden Boeynants, would have liked so much for the Flemish to be willing to compromise in Belgian politics, don't you?

[Puck Algoet] All Flemish men and women are essentially moderate, but "Egmont" has challenged us -- and when I say "us," this means the people as well as the politicians. Furthermore, we have governed in Rhode-St-Genese with a Flemish majority for the last 3 years only; before that, we had to share it with French speakers and then it is obvious that you would put water in the wine... Look, on the stairs of this same Cultural Center (which is gradually becoming an historical one), both CVP member Paul De Keersmaecker and People's Union member Vic Anciaux got a blob of soft cream cheese on their suits. That happened at the time when they came here to defend the Egmont pact. At the time when the appointment was made, everything still looked relatively peaceful, but these gentlemen had to make their appearance on the day following the "Egmont night," when the pact seemed to have been closed, with all the wretched consequences for the parts of Flanders neighboring on Brussels; they appeared before a seething mass, the hall was completely full, with another 1000 people in front of the door who could not get in; the angry citizens had come down from Beersel and from as far away as Dilbeek; they were taking aim at the advocates of the Egmont plan. I must say that they aimed well; I was walking in between them and I did not get splattered. You know, Beersel and Rhode-St-Genese are in the area known for soft cream cheese...

[Question] Mrs Spaak says that if you had not taken any action, everything would have been perfectly calm.

[Algoet] (ironic) I am sure. Do you know what they wanted to propose here? A white paper on "The Discrimination Against French Speakers in Brussels." Could you imagine anything crazier and more provocative? To tell the truth, the matter can be traced to a stunt by FDF municipal council member Georges Clerfayt, whose star is waning very rapidly, in Rhode-St-Genese as well as within his party. The good man is terrified of disappearing into anonymity.

[Question] How did you hear about the affair?

[Algoet] (jovially) I will tell you precisely how it happened. One evening, we were sitting quietly at home: my husband was reading a newspaper, the LIBRE (LA LIBRE BELGIQUE) or LE SOIR, and he said: "Incidentally, did you know that an FDF congress is being held in Rhode-St-Genese?" I said: "Good gracious!" He said: "That wouldn't be at the Cultural Center, would it?" I said: "Well, no, I would certainly know about that!" And I immediately wrote a little note; the next day it went to the town hall in a folder, a very untidily written little card (I still have it) on which was written: "Check on where the FDF congress is taking place; not at the Cultural Center is it, question mark." I did not give it another thought, but the next day there was a phone call, a rather brutal one I must say, from Flemish individuals threatening that if that were to happen, they would come to Rhode-St-Genese, overturn cars and set them on fire, "and we will do this and we will do that." I put the phone nicely down on the hook, remained quiet, and an alderman came rushing in, asking whether I knew about that congress. I told him: be quiet, I just received a phone call. He had also received some, several of them.

[Question] Might it be said then that you blocked the congress because of pure Flemish threat?

[Answer] That is right... Let us say that it influenced me, but I was even more angry with the underhanded actions of Clerfayt who had already booked in July for 22 September and then informed the press, while leaving the mayor and aldermen in ignorance. Following my police order that the affair would not take place, the governor began to exert pressure on me by telephone, something like: "Madame, what is going on over there?" -- "That Clerfayt is not going to come in here, Mr Governor." -- "But, Madame, you have to watch what you do." -- "But so does he, Mr Governor." Well, I was summoned before the governor on the Friday prior to that famous Monday; I was with him from 10 o'clock in the morning until 1 o'clock in the afternoon, but I stuck to my position. When I got home, there was a note saying that I was expected at 3 o'clock in the afternoon for a meeting with Minister of Internal Affairs Philippe Moureaux. A beautiful Sunday in September gone for his trouble. I went to see Moureaux, who was waiting for me in the company of his chief of staff and the governor, whom I was getting to know very well by now. They were jovial and friendly, I was friendly and jovial back. I was offered a cup of coffee in French; from the used cups, I gathered that the gentlemen had already consumed some coffee and, consequently, that they had talked about me. Two or three times, I told them in Flemish that I would very much like some coffee, but the minister did not understand me. I had to defend my refusal to allow the FDF in Rhode-St-Genese in French. Don't you find it a little much that, in the year 1980, a minister of internal affairs does not understand what 65 percent of the people have on their mind? Why does Wilfried Martens accept such a handicapped minister, why does the Flemish press accept such an outsider at the Ministry of Internal Affairs? Should I also add that this minister's brother is one of the crowing FDF roosters and that he carried on so wildly in Linkebeek, that he had to be called to order by the gendarmerie?

[Question] Mrs Spaak predicts that Clerfayt will succeed you in 1982...

[Answer] Leave Mrs Spaak to her beautiful dream. If you knew what a stack of expressions of support I have received, from all over the Flemish territory, especially from Antwerp. That does not help us in Rhode-St-Genese at all, you might say, but even here I am being accosted by people who are not at all interested in politics and who urgently beg me: "Madame, don't let them push you around; fight back, Madame, fight back!" We have no choice for 1982, we must win: we shall win.

6463
CSO: 3105

NATIONAL DEBT REACHES APOCALYPTIC PROPORTIONS

Brussels LE SOIR in French 11 Oct 80 p 2

[Article by Gu. Depas: "Apocalypse for State Finances: Public Debt Exceeds 1,900 Billion Francs"]

[Text] The total public debt--that is, the sum of what the state owes to its various creditors Belgian and foreign--last month reached 1,900 billion Fr.

In the first three quarters of this year it grew by 278,500 millions, of which 27,200 million is for September. It has more than doubled since the 1975 fiscal year, at the end of which it was already expressed in 12 digits.

Considered in the context of negotiation of a governmental program essentially focused on financial problems, this statistic shows the extent of the margin for maneuver which will be available in 1981 to the partners in the future political coalition; and, in the face of the broad sacrifices they will be forced to demand from the people, the scale on which personal wishes will have to be abandoned as illusions.

As things stand now, indeed, not only are initial 1980 budget estimates exceeded, but their application as effected last August by the government as well, and even forecasts described a few short weeks ago by the finance minister who has now resigned, as belonging to fictional economics or thriller novels.

Two Years of Tax Revenues

The public debt (1,917.2 billions today) is higher, by some 900 millions, than total tax receipts currently expected to be taken in by the state in 1980. By next year it will represent more than twice the government's ordinary receipts.

This means that on the assumption--which is, of course, fantastic--that Belgium wished to wipe its slate clean at one stroke, it would have to suspend completely the operation of its administration, the payment of its officials, etc., for two whole years.

It also means that every newborn Belgian finds in his cradle a debt of about 200,000 Fr.

The financial debacle can be measured by prior forecasts. The net increase in the public debt as projected in the initial 1980 budget should not, in fact, have exceeded 231.7 billion for the whole of this year. By August, that figure had been raised to 253.7 billion by government experts, and at the beginning of last month the finance minister, speaking for the first time as such to the Brussels Business Union, characterized as "apocalyptic" the prediction of 275 billion advanced by various economic groups.

We recall again, for the record, that this astronomical total of 278,500 million of debt increase, recorded at the close of the first three quarters of 1980, as compared to the 209,900 million accumulated during the same period last year, represents a rise of over 32.5 percent.

More and More Borrowing Abroad

Alarming in itself, the increasingly heavy public debt becomes still more so when its structure is examined. This confirms that Belgium is proving less and less able to finance state deficits from its own savings.

While foreign borrowing required from now until the end of December is estimated at 40 billion, it is noted that between January and September foreign bankers already lent us 82.5 billion Fr. The total foreign debt now is near 140 billion (139.7 billion exactly). The percentage of indebtedness of the Belgian state to foreign creditors--not including indebtedness of semi-public entities, public enterprises, and subordinate authorities, which will soon include the regions--has grown since the explosion of the economic crisis, that is, between December 1975 and September 1980, from 0.5 percent of the total public debt to some 7.5 percent. In less than a year, it has already grown by 4 percent. And the effective independence of the country has eroded proportionally.

6145

CSO: 3100

CONGRESS OF BELGIAN ECONOMISTS TO EXAMINE INITIATIVE

Brussels SPECIAL L'EVENAIL in French 3 Oct 80 pp 40-41

[Text] The Sudden Spurt

With a sudden spurt of effort denoting determination to make progress the 4th Congress of French-speaking Belgian economists buckled down to a fundamental subject.

The conditions of the economic initiative. Quite a program. Ambitious, but which has not repelled the economists and specialists invited to the 4th Congress of French-speaking economists which is to be held at Mons from 4 to 7 November next.

A program? Even a challenge. For the organizers of the congress have deliberately chosen to buckle down to one of the crucial problems of our economic situation. More and more we are letting ourselves be dumbfounded. The problems of structure combined with a state of the economy which continues out of breath are discouraging all who are motivated by the spirit of enterprise. And carries others along to despair. Is Belgium indeed at the end of its rope? Perhaps not. In any event that is the point of departure for those eminent in economics among whom the research work is distributed. With Jean Hallet, secretary general of the Alliance of Christian Mutual Aid Societies as chairman, and Pierre Latteur, director general of the Prayon Industrial Company and Joseph Gaczol, professor at the University of Mons, as deputy chairman, this 4th Congress in its preparatory work has united representatives from the universities, business, unions, and administrative departments.

A basic commission, whose directing committee consists of Etienne Davignon, Robert d'Houdt, Andre Gayetot, and Jean Hallet and the scientific committee of Alexis Jacquemin, Paul Kestens, and Guy Quadin are going to tackle the delicate subject of "directions and methods of action for a regional strategy of economic redeployment: the examples of the Walloon regions." By the time when this congress is to unwind one dares hope that the difficult matter of the steel industry will see a solution taking shape. There is not steel alone in the Walloon regions and the presence, at the head of this commission, of Etienne Davignon, official responsible for industrial policy in the EEC should make it possible for original long term perspectives in a European context to be sketched out. The rest of the assemblage is divided among five commissions:

motivations and economic initiative, Robert Heurion, chairman;
innovation and economic initiative, Paul Smets, chairman;
progressive reduction of the work week and sharing of work,
Luis Givers, chairman;

optimum allocation of resources--profitability and economic initiative,
Bernard Van Ommeslaghe, chairman; and
regulatory and institutional context of the economic initiative,
Bruno Vinikas, chairman

The System of Hypotheses

Each of these commissions began its research on the basis of hypotheses and of questions, essential ones as shown by their constant presence in political concern but which, too often segmented, here have the opportunity of being examined in a synthetic fashion.

Thus, the commission on "directions and methods of action for a regional strategy of economic redeployment" started from the example of the Walloon regions and is preparing a methodology of diagnosis and redeployment policy applicable elsewhere.

The team whose chairman is Robert Heurion has tried to put forth a system of hypotheses relating to certain conditions for creating or not creating motivations and leading to presentation of the social-economic analysis of 200 cases of the establishment of business enterprises.

The conditions for innovation were analyzed in the light of an inquiry conducted among responsible officials of enterprises and public organizations. Its aim? To discern the difficulties which enterprises encounter and the solutions capable of affording a remedy.

The commission on progressive reduction of the work week continued the work of the two proceeding congresses but, this time, is providing more concrete results. The researchers who are examining, on the one hand, the internal and external conditions favorable or unfavorable to the success of this or that strategy to promote employment, and on the other hand, what realistic scenarios for the reduction and the organization of work schedules in order not to hurt competitiveness nor the workers' standard of living, also devoted themselves to an inquiry in the field.

The commission on optimum allocation of resources is most particularly occupied with analysis of the evolution by sector of investments in the three regions since 1953, of the government's contribution, and of the connection between the rates of return and of investment in the various industrial sectors.

As for the regulatory and institutional context of the economic initiative, it is a matter of a work which studies the brakes applied due to certain regulations, to the leverage role played by public orders, to the role of the SDRW [expansion unknown], and to restructuring the steel industry.

In the course of the days devoted to the Congress of French-Speaking Belgian Economists each of the commissions will raise debates whose results will be presented during a plenary session.

[photo captions]

[source p 40] Etienne Davignon: over the long term in a European context

[source p 41, left] Robert d'Hondt: a regional strategy for Economic redeployment

[Source p 41, right] Robert Henrion: a system of hypotheses

ECONOMIC PESSIMISM MARS HOLIDAY

Nicosia BOZKURT in Turkish 19 Oct 80 p 1

[Editorial by Bilbay Eminoglu]

[Text] Bottled gas has been hit with the "routine" price hike which, as expected, has extended a chain of prior increases. Next month will come and the next... Electric bills with rate increases of between 300 and 500 percent are being sent out...The near 50 percent hike in cigarettes and liquor was not enough...Now another 10 lira will be tacked on to a pack of cigarettes. A readjustment this December--at least not next month--in sugar prices, which have already been adjusted some 10 times, is being called inevitable. A hike in gasoline prices, already increased 5 times in the last year, is just around the corner...According to coffee merchants, a hike for this commodity is overdue and may come at any time. Price hikes constantly hit meat; in fact, meat prices rise 10 to 20 lira every week. But according to butchers, the days are not far off that an okka (2.8 lbs.) of meat will shoot up to 400 lira...Chicken is competing with meat! As if the recent 20 lira increase was not something, an okka of chicken apparently should be costing 250 lira when stacked up against meat prices. And chicken producers are saying that a real price increase will come toward the new year.

Even dried beans are silently taking their toll, increasing bit by bit. Today 100, tomorrow 110, and the day after 120, 130. We ought not belittle those who meter increases using a food like beans.

Well, there we have laid it out. But there is more. At no time in our experience--even during the war years--is it possible to point to a single food item or commodity that has not felt the impact of a horrific price whirlwind of unprecedented dimension and whose cost has not been perpetually boosted.

If we report that severe price increases have hit funeral costs and that a month's salary would not be enough for a burial, then you just try and find any type of good or service whose price has not been boosted in at least 6 months and that remains at the same level, not having felt the price hike's stamp.

Today is Bayram (Kurban Bayrami or Festival of Sacrifice). We would not want to drag everyone into the dumps by drawing such a bleak picture on a day that calls upon all to eat well, speak kindly, laugh and enjoy, forget one's pains and sorrows and be merry. But this picture confronts everyone everyday. Is it possible not to be depressed and not damn it?

Today is Bayram but this one is different. It is a holiday that makes one long for past holidays. The next Bayram will be one that yearns for this year's holiday. And the holidays yet ahead will recall all the holidays of the past and we will find ourselves saying, "Where did those old holidays go to?"

In Eref Cetinel's accurate pre-Bayram tableaux, he stressed that never before have the Turkish Cypriot people been so uneasy and depressed before a holiday as now. He wondered why we should be happy and leveled a scathing criticism with the words, "Another Bayram has come even as the establishment still fails to take responsibility for those under obligation to it and who slave away for it; so what is the use!" Still unable to put in our child's pocket a 20 lira ticket that could give a minute's thrill on a merry-go-round at Bayram--that would impart joy if but for a minute...

Those with low or fixed incomes, workers, and government employees come to this Bayram more uneasy and dispondent than ever before. They cannot eat well, speak kind words...They cannot laugh and play with families they imagine dressed in gay apparel. Well, what do you say: Can we really celebrate Bayram?

CSO: 4907

JORGENSEN PRESENTS GOVERNMENT PROGRAM TO FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 8 Oct 80 pp 1, 7

[Article by Lisbeth Knudsen: "Anker J. Makes a Move, But Without a Safety Net"]

[Excerpts] Only about two-thirds of the bills presented by the government in the Folketing yesterday will be sure of obtaining a majority of the votes with the help of the coalition parties, the Radical Liberal Party, the Democratic Center and the Christian People's Party. In a number of areas, the government is coming out with initiatives which will put it into sharp conflict with the opposition--and with the coalition parties.

"Lacking in content," "a mess" and "despairing" are some of the words the opposition is applying to the prime minister's opening speech and his bills before the opening debate in the Folketing tomorrow. The government coalition parties occupied themselves with dissociating themselves from the parts of his speech they did not want to have any share in.

In his opening speech, the prime minister enumerated all the measures the government had initiated--together with the coalition parties--but no special words of thanks or praise were included for the three parties which had helped the government in regard to all the economic decisions, after protracted deliberations, since last spring. There also were no calls in his speech for an extension of the cooperation with the Liberal Party and the Conservative People's Party until next spring, let alone a continuation of cooperation over and above the compromise agreement, which will only last until 31 December 1981.

In four important areas outside of the coalition agreement, the prime minister has no political safety net in the Folketing. That is true of defense policy, energy policy, profit-sharing planning and a ban on overtime, and, finally, the planning for a social rental value in connection with the second stage of social income. These points can be expected to be among those which are discussed the most during the opening debate tomorrow.

"The prime minister's opening speech reveals the government's powerlessness with respect to the economic crisis. The government is starting out by weakening the nation's financial position, which is already much too weak," says the political spokesman of the Liberal Party. "Therefore Denmark continues to move toward the abyss without the prime minister's being able to put forward a policy which would reverse that development," he said.

The chairman of the conservative group in the Folketing, Poul Schlueter, says, "It is the opening speech most lacking in content which any prime minister has ever made. Unfortunately, the government's program is devoid of positive, forward-looking proposals. His speech gives one the impression that the government simply wants to sit still and be comfortable while the serious problems remain unsolved." The coalition parties, the Radical Liberal Party, the Democratic Center and the Christian People's Party, in their comments on the opening speech, distinguish very clearly between what is included in the economic agreement and what is outside of that agreement. The functioning chairman of the Democratic Center's Folketing group, Mimi Jakobsen, accounts for this in the following way: "The Democratic Center can associate itself with the government's evaluation of the economic agreement which had been entered into. But, over and above that, the speech goes into the government's views on a number of problems involving questions where the Democratic Center's objectives are entirely different from those of the government. That is true of defense, energy policy and educational and cultural policies. Therefore it is important to demonstrate that the throne speech is the government's speech and not that of the coalition parties."

9266

CSO: 3106

FINANCE MINISTRY: QUARTER MILLION UNEMPLOYED BY 1984

Copenhagen BERLINGSKE TIDENDE in Danish 9 Oct 80 p 8

[Article by Lisbeth Knudsen: "Financial Report Predicts New Record Unemployment and a Deficit of 25 Billion Kroner in 1984"]

[Text] According to the economists in the Finance Ministry, more than a quarter of a million unemployed and a completely unacceptable balance of payments deficit of 24.5 billion kroner in 1984 will be the consequences if a new adjustment of the economy is not carried out at the beginning of next year, at the latest. That clear message from the government that new cutbacks are both necessary and will come to pass is evident from a financial report which was delivered to the Folketing yesterday. The report is also a clear message to the trade unions that the drop in real income will continue on into 1983 and that all improvements in pay will be absorbed by new taxes and duties, among other things. In the financial report, Finance Minister Svend Jakobsen caused his people to make a prediction, up to 1984, of what will take place if no other measures are taken than those which have already been carried out--the prospect is that Denmark's ability to compete will definitely be weakened. A continuous, but very moderate, growth in the public sector's consumption will take place against the background of the limitations to growth which have already been laid down by the government and the coalition parties. The lightened burden of taxes and duties will grow at the rate of 0.2 percent from 1981 to 1984. There is talk of a 5 percent reduction of real income this year. That rate will be 1 percent next year, and real income will increase again by from 2 to 2.5 percent per year thereafter. Consumption by private citizens will increase by 3.5 percent annually from 1982 to 1984. Production will increase by 3 percent annually. There will be 20,000 more unemployed people each year until 1984, when the number of people without any employment--even part-time--will be close to 255,000. The balance of payments deficit will increase from 15.5 billion kroner in 1981 to 24.5 billion kroner in 1984.

Higher Production and Greater Competitiveness

The government believes that the situation is as it is described in the report. It is setting up as its goal the elimination of the balance of payments deficit toward the end of the 1980's, and consequently a considerable reduction of unemployment by that time. The government considers that it will be impossible to solve the balance of payments problem in a shorter period of time. The finance minister offers the following schedule of developments up to 1984 as an alternative, with frequent economic adjustments. First, the country's ability to compete will be improved by from 2 to

3 percent per year. The public's sector's consumption is to be brought all the way down to "no growth." The taxes and duties bite will be constantly manipulated, so that the government can make sure that demand is limited. Real income is to fall by between 1 and 2 percent annually until 1983. Production is to be raised by 3.5 percent a year. By 1984, there will be 12,000 more unemployed people per year as compared with 20,000 more if no steps are taken. Consequently, there will be 225,000 unemployed by 1984. The balance of payments deficit will be brought down to a deficit of 8.6 billion kroner in 1984 as a result of the government's efforts, as compared with a deficit of 24.5 billion kroner if no steps are taken.

In the report, the government does not describe in greater detail how an improvement of from 2 to 3 percent per year in competitiveness is to be brought about. Neither does it state in detail how large the adjustments in financial policy the government expects to make will be.

Unclassified Mystery Where Methods Are Concerned

The financial report from Minister Svend Jakobsen also involves an adjustment of the conditions on which the financial bill for 1981 which the government proposed in August was based. In less than 2 months, an increase in the estimate of a deficit which would be unacceptable for the economy, which was budgeted at nearly 3 billion kroner for this year and nearly 2 billion kroner for next year, took place. The same thing occurred in regard to employment. The estimate of 142,000 unemployed people with full-time-employment insurance this year which was made 4 months ago has now been increased to 150,000 unemployed people. A total of 165,000 unemployed people is now expected next year.

The political spokesman for the Liberal Party, Uffe Ellemann-Jensen, commented as follows on the financial report: "None of the government's own conditions are being fulfilled by the government's present policy, and the prime minister declined, for the time being, to come up with further proposals in his opening speech yesterday. Therefore it continues to be an unclassified mystery how the government will fulfill those conditions, so that the goals of its economic policy can be achieved. The government's economic policy is slipping, and, with this financial report, it now is obvious that it is bankrupt politically."

The government's revised estimate regarding employment developments this year and next year and its prediction in regard to 1984 if no steps are taken come very close to the trade unions' earlier calculations. The chairman of the metal workers union, Georg Poulsen, describes the figures as alarming and asserts that something effective must be done "to help the private labor market." The chairman of the semi-skilled workers' union, Hardy Hansen, realizes that it will not be as possible to put through the same demands in the negotiations regarding an agreement during a period of decline that one could put through during a period of prosperity. The director of the DA [expansion unknown], Hans Skov Christensen, believes the financial report underscores the need to hold the rate of pay increases down to ensure a better employment situation.

SOCIALIST PEOPLE'S PARTY CHAIRMAN PETERSEN EXPLAINS GOALS

Copenhagen BERLINGSKE TIDENDE in Danish 7 Oct 80 p 9

[Article by Knud Larsen: "Gert Petersen's Dream of a Socialist Society"]

[Text] Gert Petersen: "Om Socialismens Ndvendighed" [On the Need for Socialism]. 216 pages; 85 kroner. Vindrose publishing house.

It is not surprising that Gert Petersen argues the need for socialism. He is elected to do that, and that has been his life since earliest youth. Since 1958, he has been deeply involved in the Socialist People's Party, and today he is the heir to the ideological and political legacy left behind by Aksel Larsen.

However, his pronounced political stance is such that his book about the need for socialism does not contain any big surprises. The Socialist People's Party has placed itself in a niche between the Social Democrats and the more extreme left wing. Therefore it must be Gert Petersen's task to argue that driving forces and a necessity exist which, from that niche, will lead to victory for his party. If that were not the case, what point of view should a party leader assume?

With his new book, Gert Petersen is trying to place himself in the middle of time's whirlpool to pick up the trends and signals which can be construed as or transformed into a basis for a socialist policy. It is characteristic of him that, whereas his adversaries in the left wing often move around in Utopian surroundings, and enjoy doing so, Gert Petersen has both feet on the ground. Only in a single, short paragraph does he play around with the idea of a Utopia where a parliamentary majority decides in favor of taking really vigorous action against the interests of capital. Otherwise, it is an ordinary book which--to use a currently fashionable phrase--seeks to relate to the past and the present. On the one hand, it constitutes a clash with the dogmatic Marxists, while on the other hand it is an introduction to a strategy which can lead to the victory of socialism.

The clash with dogmatic Marxism will be interpreted in various ways. His arguments appear obvious to the non-Marxist reader in many respects. The fact that Marx and Engels lived during the previous century and that there must be limitations on the reading and interpreting of "Capital" is repeated frequently. One can agree with him without any difficulty. But in the dogmatic wing of the leftist sector the effect of his book will be like that produced by waving a red rag at a bull, and it will constitute the introduction to still another series of lengthy clashes. Read from this point of view, the book's conflict with the existing socialist societies

and fundamental socialist concepts such as revolution, the transitional society and even class warfare will produce the impression that the book constitutes proof of the Socialist People's Party's betrayal of the texts which have been handed down.

Furthermore, Gert Petersen is no theoretician. He makes no particular effort to involve the enormous quantities of theoretical Marxist literature in his presentation. He takes Marx and Engels as his starting point, supplemented by people like Rosa Luxemburg, Gramsci and Poulantzas. But he does not enter into a genuine theoretical-philosophical discussion anywhere. It is characteristic of him that when he argues against the so-called new philosophers it is done on the basis of a series of articles which was published by POLITIKEN in the spring of 1978, but with a reasonably firm hand he categorizes himself as a Marxist who has dedicated himself to the ideological basis which has been precipitated by the so-called Eurocommunism. He finds developments in Yugoslavia worthy of emulation, but aside from that he is free of ties to other, known social systems.

In the next place, it is important that he places himself on Danish soil. Numerous derogatory remarks are let fall concerning such things as the Comintern's lack of insight into conditions in western Europe, for example. Gert Petersen's strength is the fact that he is thinking about a socialist strategy in an affluent society with a bourgeois-democratic tradition. He finds nourishment for the socialist dream in a number of movements. It is stated triumphantly that the "uprising from the center" was and is a socialist uprising in the proper sense of the word--one which attacks the right of private ownership. But other movements also hold his attention: environmental movements, resistance to nuclear power, resistance to the Common Market, etc., are expressions of a growing reaction against the seamy side of capitalistic society for him. In his conflict with those who automatically react with hostility to what he says, he holds his ground well enough, but he is convinced that the growing feeling of insecurity with respect to advancing technology can be converted into a revolutionary movement. Briefly stated, his goal is to form a constructive political movement by bringing those who are dissatisfied together, in the belief that, under democratic conditions, that movement can produce a socialist society.

For, with all due reservations, it nevertheless is Gert Petersen's goal to carry out a socialist revolution. "It is only on the surface that the bourgeois society appears so strong and menacing. Under the surface, the present crisis has weakened it more than at any time since World War II," he says at the end of the book. His book amounts to a careful consideration of the problem of how one should proceed in order to make use of that weakness, both in strategy for use here and now and in strategy over the long term, and of how a new and liberating socialist society can be created. His book is rich in indications and considerations having to do with both types of strategy. However, Gert Petersen's problem is the fact that socialism is taking such a confoundingly long time in coming to pass and that the movements for which he has such warm feelings have not yet returned his affection to any impressive extent. Therefore, his book will scarcely become the basis for the cultural revolution which he considers to be necessary first, but it will find readers, even among the Social Democrats, who at the same time and in a real dialectical relationship, are both Gert Petersen's principal enemies and the people who are closely associated and cooperate with him the most.

PROMINENT LEFT SOCIALISTS DESERT PARTY OVER FOREIGN POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 3 Oct 80 p 5

[Article by Silveig Rodagaard: "Leftist Socialist Party Members Protest Turn to the Right"]

[Text] In protest against a so-called turn to the right by the Leftist Socialist Party, seven members have resigned from the party. The seven are, among other things, some of the members whom Folketing member Preben Vilhjelmsen has accused of several things, including being too militant on foreign policy questions.

The seven are members of the Leftist Socialist Party's Leninist group, and in the most recent number of the Leftist Socialist Party's periodical, INTERN DEBAT, they put forward a number of points which they think indicate a turn to the right by the party. Among other things, they criticize the fact that the Leftist Socialist Party dissociated itself from the Soviet invasion of Afghanistan and say that "that places the party, objectively, on the same side as Carter in the international war between classes."

Criticism is also directed against the fact that "the Leftist Socialist Party blindly supported strikes by Polish workers and the antisocialist Polish opposition."

It is also stated that "the Leftist Socialist Party's participation in demonstrations against (what is called) the 'occupation' of Czechoslovakia by Soviet troops is actually support for the imperialist camp's call for a weakening of the socialist world's military preparedness."

Preben Vilhjelmsen is also given a good going-over by the seven: "Preben Vilhjelmsen's bourgeois-democratic persecution of Marxists in the Leftist Socialist Party is met with furious silence by the so-called left wing of the party and in general is received with hand-kissings by the right wing. By that means, ultimate confirmation has been given to the view that the Leftist Socialist Party must be regarded as an anti-Marxist party."

Preben Vilhjelmsen told the BERLINGSKE TIDENDE that the resignation of the seven had not come as a surprise to him. "In a way, I had already mentioned that in the article which was published in INTERN DEBAT a few months ago," he said, "but aside from that I have no comment."

In the article in question, Preben Vilhjelms dealt with disagreements in the party, saying: "We should not accept any ideas which represent a total contempt for people who think differently." He thought that a number of undemocratic attitudes were coming to the fore in the party.

The seven who resigned are Allan Kjaer Andersen, Hans Jorgen Andersen, Lone Johnsen, Eigil Møller, Henrik Nielsen, John Flint and Niels Hermind. They have applied for admission to the Marxistisk Forum organization, but they also want to ask for a chance to speak at the Leftist Socialist Party's coming congress in November to explain the background for their decision to leave the Leftist Socialist Party.

9266

CSO: 3106

PAPER COMMENTS ON SINGLE-TAX PARTY CONGRESS

Copenhagen BERLINGSKE TIDENDE in Danish 7 Oct 80 p 8

[Editorial: "Jens Kirk's Statement of His Position"]

[Text] The only noteworthy thing about the Justice Party's national congress was the stout-hearted Jens Kirk's attempt to convince the party that it does not belong in the People's Movement against the Common Market. He was defeated, but his plea nevertheless gave a number of people occasion to speculate as to whether the people of a nation governed by law would not be serving their own interests better if they stood alone.

Jens Kirk's argument is very simple. He has by no means given up the struggle against Denmark's membership in the Common Market. His--and the party's--most basic objection is the fact that the European Community is symbolic of an enormous planned-economy bureaucracy whose activities can only be harmful to the liberal policy which constitutes the basic idea of the Justice Party. The Justice Party is a movement which aims at obtaining the greatest possible amount of freedom. The Communists, the Popular Socialists, the Leftist Socialists and anyone else who rallies to and around the Popular Movement opposes Denmark's membership in it, but their reason is entirely different from the Justice Party's reason. Specifically, they are all sworn adversaries of a liberal society and the private-capital system. They are advocates of a planned economy, and they have no trace of concern with respect to the bureaucratic institutions which go with a planned economy. They are socialists and want to advance socialism in any way they can, and they can see the Common Market itself as a means of strengthening a socialist type of development.

Jens Kirk forcefully pointed out the critical difference in the respective views. The consequence of involving itself in the work of the Popular Movement would be that the Justice Party would be working on behalf of a policy the party must fervently oppose. The Justice Party was warned against that result when it joined the Popular Movement some time ago, but that warning was set aside by an appeal to the effect that opponents of the Common Market should stand together, they should fight Danish membership together, and they should bring their influence to bear in the European Parliament together. The result was that they found themselves taking part in the playing of a skillfully managed communist game. At last it became clear to Jens Kirk, who certainly has not become a Common Market supporter but who also does not want to be involved in it, that a policy of advocating membership in the Common Market would constitute making a contribution to the undermining of the Justice Party's liberal political attitude.

GOVERNMENT HOPES TO CHANGE A.P. MOLLER'S OIL CONCESSION

Copenhagen BERLINGSKE TIDENDE in Danish 27 Sep 80 p 7

[Article by Peter Kjelstrup: "A.P. Moller and the Government Have Driven Each Other Into a Corner"]

[Text] Seven months almost to the day after shipowner Maersk Mc-Kinney Moller personally responded to the government's proposal for negotiations concerning a new basis for concessions with respect to oil and gas in the Danish subsoil on 22 February, the shipowner again paid a discreet visit to a minister, but this time it was not a visit to the minister who is officially responsible for the negotiations, Poul Nielson, but to his boss, the prime minister, instead.

The meeting took place some time around Monday, 22 September, and at the same time the screen of secrecy which had been placed around the conference table for the last 7 months was pulled aside for a brief moment.

A.P. Moller's Three Moves

What now looks like a beautifully arranged A.P. Moller trick which effectively got Minister of Energy Poul Nielson out of his dominant position where the negotiations were concerned, at least for a while, consisted of three moves.

The visit to the prime minister was the first one. Move number two was a request to Poul Nielson by A.P. Moller's negotiating team for a postponement of further negotiations for an indefinite period of time. That took place at the routine meeting on Wednesday.

The third move was the sudden attack by the leader of A.P. Moller's negotiating team, Director Bjarne Fogh, which was sent out in the form of a press announcement last Thursday afternoon. That announcement, after first complaining that Poul Nielson had broken the pledge of secrecy regarding the negotiations, stated that the Minister of Energy had turned up at the conference table on 10 September for the first time and announced that he could not be shaken from his original proposal. In other words, he had rendered more than half a year of work by the delegations useless and sent the negotiating process back to its starting point.

After a slow start in the spring, there was a real increase in the number of meetings held, at A.P. Moller's request, after the summer vacation. From about 1 August on, the delegations held meetings, both officially and unofficially, about three

times a week, for a total of at least 30 meetings, with department chief Ole Beck and section chief Jorgen Norgaard from the Energy Ministry's legal section on the one side of the table and Director Bjarne Fogh and Uggi Engel and Erik Holtegaard, both of whom were entitled to sign for the firm, on the other. They may not merely have sat there and discussed whether A.P. Moller and its partners in the Dansk Undergrounds Consortium will follow Poul Nielson's lead blindly. It is clear from the communication from Bjarne Fogh that "considerable obligingness" was demonstrated by his delegation. And it appears clearly, from between the lines, that Poul Nielson's blockade came as a surprise. Therefore real negotiations must have been under way. Thus, it was possible for Poul Nielson to state, on that same Wednesday, that he had been cleverly maneuvered onto a sidetrack. At that time, Anker Jorgensen had agreed to a number of "informal discussions" with shipowners personally, and he had to issue a communication in a hurry to the effect that no changes had taken place in the government's negotiating delegation but that he only had had informal conversations with Maersk Mc-Kinney Moller at the latter's request. Observers do not believe, at present, that many negotiations with the delegation under Poul Nielson will take place before some kind of clarification between the two top men is brought about, if it is necessary, and the next meeting between Anker Jorgensen and Maersk Mc-Kinney Moller may very well be a decisive one, since the prime minister is pressed for time. His opening report to the Folketing must be finished.

Prime Minister in a Bind

The prime minister's situation certainly is not a simple one. On the one hand, the government now has called for early changes in the concessions in one year, and, on the other hand, the chance that such changes can be brought about is more remote than ever before. As a result of A.P. Moller's play of a trump card in the form of its "concessions", the chance of achieving a politically acceptable compromise has been lost. They do not let repeated threats of expropriation of concessions worry them in their headquarters on the Esplanade. Even Anker Jorgensen acknowledged at the Social Democrats' congress that the government cannot afford it.

The government-owned oil pipeline, which, under certain circumstances, could be used as a means of increasing taxes, also is not a thing which will be easy to put through. If the government-owned DONG, [expansion unknown] joint stock company has to build a pipeline, A.P. Moller may well have to do so too. A.P. Moller and its DUC [expansion unknown] partners previously stated, more or less officially, that they might well want to build such a pipeline.

A remaining possibility for the government is to do something about the A.P. Moller concession with the help of the established Folketing majority, thereby regaining a modicum of political credit--getting something passed as a raw materials law. That has been tried before, although unsuccessfully, but with the new proviso that taxes on increases in the value of oil and gas can be levied--in other words, a sort of capital gains tax on what is underneath the ground. However, that will not bring about any essential changes in the basis on which the DUC is working at present, and it will scarcely satisfy the left wing.

A New Set of Playing Rules

With Poul Nielson's blockade and A.P. Moller's maneuver involving the making of three moves, both parties can now say that they have more or less driven each other into a corner. The first round in the wrestling match between giants has ended without a winner. The sound of the gong to begin the second round is expected with the prime minister's opening speech in the Folketing. A new set of playing rules is in the process of being concocted at present by Maersk Mc-Kinney Moller and Prime Minister Anker Jorgensen.

PHOTO CAPTION

- p 7. Shipowner Maersk Mc-Kinney Moller responded to the government's move in the Energy Ministry on 12 February. Precisely 7 months later he again went to visit a minister, but that time it was the prime minister.
-

9226

CSO: 8113/0109-A

CDU DEPUTY ALLEGEDLY INVOLVED IN ILLEGAL CHINA ARMS DEALS

Hamburg DER SPIEGEL in German 21 Jul 80 pp 46-49

[Unattributed article: "Something Crooked"]

[Text] Bonn CDU Deputy Heinz Schwarz, a former interior minister in Mainz, is embroiled in an investigation into illegal arms deals.

A large team of investigators moved in. Erich Hermann Mueller, 61, an arms dealer with particularly good connections with the People's Republic of China, was caught completely off guard after lunch in his bungalow in Gladbach in the Berg region.

The five agents from the Federal Criminal Police Bureau (BKA), the nine investigators from the Duesseeldorf Land Criminal Police Bureau (LKA) and the three men from the treasury headed purposefully for Mueller's basement office. Carefully they packed up 20 rapid-letter files marked "Re: China." And after just an initial examination of the papers, the men assured one another that they had been "very revealing."

The dealer who refers to himself as "Mueller, Germany" is under investigation for violating the West German Military Arms Control Law. This collection of articles prohibits not only all arms exports to states outside NATO but also, since 1978, even the brokerage of this kind of transaction between third countries.

Mueller, whose passport and driver's license were confiscated because of possible flight, must for the time being report to the police every Monday and Thursday. Criminal police officials reappear occasionally to check the walls of his house for concealed safes and microphones.

No matter how the investigation turns out from the legal standpoint, it is already beyond doubt that the Mueller case is politically explosive. As the public prosecutor's office in Cologne discovered, a prominent Christian Democrat from the Rhineland-Palatinate was involved in Mueller's business deals -- Heinz Schwarz, 51, Bundestag deputy and former interior minister in Mainz.

According to one of the prosecutors, the CDU politician "let himself be used as a tool in arms dealer Mueller's illegal transactions." Schwarz also views his situation as precarious, conceding that "I really put my foot in it with Mueller."

To be sure, the former minister of police, who is a member of the Bundestag Interior Committee, had for years seen no harm in associating privately with an "old client" (BKA jargon) of the criminal police. Schwarz was disturbed neither by the arms dealer's close contacts with obscure regimes like those in Libya and Iraq nor by CSU-supporter Mueller's extreme rightist leanings ("I was an SS stud").

The investigators were alerted in the extreme when they found in Mueller's files documents on requests for money from the retired minister to the arms dealer. The light blinked for several BKA members who remember Schwarz, the brazenfaced interior politico -- nickname: "Django" -- from his tenure as minister in Mainz (1971-1976). Recalls one of them: "A few among the police really slapped their thighs over this."

The investigators consider the following items to be "pure gold" (said a criminal police official):

The photocopy of a contract between the People's Republic of China and Somalia covering arms deals yet to be transacted in the amount of DM 800 million; besides the signature of the parties to the contract the document also bears Mueller's signature and the notation, "consultant";

A list in Schwarz's handwriting of sums of money amounting to DM 26,500, requested from Mueller for "airline tickets, China," among other items.

Schwarz admits to having taken a trip to Beijing and Shanghai last summer at Mueller's expense, billing his friend for "DM 8,000 and whatever expenses accrued." He calls a portion of his requests to Mueller "borrowed money."

But the CDU man claims to have "nothing to do" with Mueller's Chinese weapons deals. Schwarz, who now must reckon with consequences within his own party, swears that "that crud took me for a ride."

That Schwarz is getting himself into hot water is nothing new to his party colleagues. It was a pronounced lack of tact and legal sensitivity that had made Schwarz a source of irritation even as the minister of police in Kohl's Mainz cabinet.

The innkeeper's son from Leubsdorf, who had served time earlier in the dismantling of the army, did indeed make a folkay impression on Saturday nights when he would turn the tap for voters and nonvoters behind the counter of his sister's bar. Nevertheless, policemen thought it wrong when "black Hein" (village nickname), after a number of drinks all around,

would use his mobile radio to warn his drinking buddies of a police check for drunk drivers or go so far as to organize a transportation service to their homes using police cars.

And the publicity-hungry interior minister's police officers were not very appreciative when he included in a CDU election pamphlet the following answer to the question of whether he himself had "ever 'fixed' an accident": "None that was recorded by the police."

Once during his ministerial term, Schwars called for vigilante groups that would take the law into their own hands by going out at night to catch thieves and vandals; once he insinuated in a SPIDGL interview that if the need should arise, the Rhineland-Palatinate police would march into red Hesse "to put an end to the prerevolutionary situation" there.

However, many things miscarried for him so badly that he finally was no longer able to retain his position as minister. For instance, Schwars leaked classified BKA documents marked "confidential" to the press -- a breach of trust which he covered up with a police search operation (code word: "Winter Journey"), and which Federal Prosecutor Buback described in 1975 to an investigatory committee as "unlawful" and "ominous." Since his departure from the Mains cabinet, Schwars has been operating from the back benches of the Bonn parliament -- chiefly as a lobbyist for the distressed middle class in his electoral district of Neuwied. Sometimes the politician of interior affairs supports the concerns of furniture dealers, sometimes those of producers of refrigerated milk cans, lawnmowers, trash containers or low-noise jackhammers. Nor are small business deals beneath the trained bank clerk: Since his sister's bar was sold, the former minister has also been dabbling in Rhenish engravings, a Persian rug or two and a book he edited himself. The paperback entitled "The Scandal of the Schleyer Search," a book which consists essentially of reprinted newspaper articles, recently brought him a DM 7,500 loss.

Schwars's industrialist friends in the Rhineland, who value above all his efforts on behalf of the furniture industry, were thrilled when the deputy struck up a friendly association with guests from Beijing. Party colleagues joked about Schwars: "If he just sells one chair to every Chinese, the German furniture industry will be healthy for years."

However, the 24 guests "from the Chinese arms and defense industry" (Schwars) -- who on a Sunday in June 1978 were treated to sausages and schnapps around Leubendorf trout ponds marked with street signs like "Kurfuerstendamm" and "Theresienwiese" at the home of the former interior minister -- were interested less in wooden articles than in West German military electronics equipment. Weapons dealer Mueller ("The Chinese seeks out the German the way a baby seeks its mother's breast") signaled a strong Chinese demand for German precision work to the "approximately 40 German companies that I work for."

Moreover, following the chitchat around the estate ponds, the arms dealer tumbled to the usefulness of CDU member Schwarz in further business deals -- although "the Chinese armament people," recalls Mueller, "naturally would much rather have talked with Strauss or Kohl."

By November 1978, Mueller had arranged for Schwarz to travel to Beijing with an economic delegation; as a "retired government minister," he was most acceptable to Mueller for reasons of protocol if nothing else. Messrs Chang Chen, minister for the armament industry, and Kang Shi'en, vice premier, first patiently devoted themselves to the middle-class political concerns of the Christian Democrat; then the hosts hinted that they would one day like to send Chinese trainees to Schwarz's district for technical training.

By the time the CDU deputy flew to Beijing a second time, in July 1979, to negotiate the exchange of trainees in the name of the Coblenz Chamber of Industry and Commerce, he had become better acquainted with Mueller, the German who had arranged these contacts. The two were quick to shed all formality and started entering into small business deals with one another: Mueller bought from Schwarz for DM 17,000 a light-blue Persian rug, a Nain, which the deputy had purchased on a trip to Iran. And if the trade representative was sometimes short of cash, the CDU politician also would generously take out his checkbook and help him out until the first of the month.

Schwarz saw nothing wrong with accepting money from Mueller ("Heins, I'll pay for your trip") and paying him back by -- "as a representative of the CDU" -- opening official doors for Mueller in China. The man from Leubsdorf claims never to have known what the arms dealer negotiated in secret in Beijing at that time -- only that "defense experts" were doing the talking. Nor have the BKA investigators yet determined the entire role that could have been ascribed to Django from the Rhineland-Palatinate in arranging a three-cornered international deal involving China, Somalia and German armament firms.

When Schwarz's friend Mueller is questioned about the contracts he concluded, he says easily: "It concerned 2,000 Chinese tanks and 25,000 Chinese kalashnikovs for Somalia, the one that's having trouble with Ethiopia there in East Africa." According to Mueller, the deal was to be financed "by the French," and "the Chinese planned to buy a lot of electronics equipment from German industry with the proceeds, amounting to nearly a billion."

Schwarz had been long gone from China by the time Mueller's brokerage activities were producing results in Beijing. Fortified with confirmation in the form of a Telex message from "Vufag," the Spanish armament company, the arms dealer who was staying in Beijing informed his Chinese partners of Somali interest in AK 47 machine guns and T 59 tanks.

The partners then began the hard bargaining over prices -- with Mueller-Germany always in the middle, sometimes via telephone, sometimes via Telex. The machine guns were finally valued at \$ 185 each and the tanks at DM 1.45 million each. The Bank of China gave a delivery guarantee for DM 800 million; the Credit Lyonnais was brought in as the French contact bank.

Mueller then had the sales contracts drawn up and signed in Beijing and sent via air mail to the Somali embassy in Paris. The carbon copies, now signed by the Somali ambassador as well, came back to Beijing a few days later. Then, at the request of the Chinese, Mueller signed his name underneath.

If all had gone as planned, the broker would have been able to claim a 7.5-percent commission for his efforts -- at least DM 60 million. He made two mistakes, however: He left photocopies of the contract package lying around much too openly in his office, and he divulged the details of the Beijing deal when chatting with German trade colleagues.

When shortly thereafter someone in the business offered Chinese machine guns for sale on the gray market and was noticed by a BKA agent, Mueller, together with the retired minister of police, quickly came under suspicion. Since then the police and public prosecutor's office have been conducting an investigation under Art 4a of the Military Arms Control Law, which removed any basis for Erich Mueller's line of business in 1978.

For anyone who negotiates "a contract concerning the acquisition or transfer of military weapons located outside the territory of the FRG" (text of the law), or even demonstrates the opportunity for such a contract, is subject to imprisonment for up to 5 years -- unless the FRG government should grant express approval of such a transaction.

No matter how the judiciary ultimately assesses Mueller's Beijing dealings in terms of criminal law, Schwarz feels "duped." Says the politician, he "always" advised the dealer: "Remember not to let all this get out of bounds." And despite constant warnings, complains the onetime minister of police, the otherwise so clever arms dealer disregarded yet a second warning: "If you're going to do something crooked, don't put it down on paper."

7458

CSO: 8020/0064

MASSIVE STATE INVESTMENT PROPOSED TO ELIMINATE UNEMPLOYMENT

Hamburg DER SPIEGEL in German 11 Aug 80 pp 17-18

[Unattributed article: "DM 120 Billion To Combat Unemployment?"]

[Text] According to the findings of official prognosticators, the 1980's could see 2 million jobless. Bonn Research Minister Volker Hauff would like to employ massive investment programs to head off the impending mass unemployment. But his program could be funded only with borrowed money.

The topic was not on the agenda at the vacation session of the Bonn cabinet last Wednesday. Nevertheless, Labor Ministry State Secretary Reinhard Strehlke was prepared with material on the morning headlines: concerning the rise in the FRG's unemployment figures.

The July jobless count was in excess of 70,000 more than for the preceding month. Three months before the Bundestag elections, more than 853,000 citizens cannot find work -- 6 percent more than a year ago.

Strehlke pointed out that the bad thing about the situation was that at least another 17,000 young people were without jobs -- despite good training.

Notwithstanding, the group finally agreed not to stir up any particular fuss about the problem for the time being. Education Minister Juergen Schmude advised that they wait out the summer break; perhaps by election time in the fall, many of the young journeymen and clerks from the baby-boom year of 1964 might be able to find something somewhere.

Presided over by Vice-Chancellor Hans-Dietrich Genscher, the cabinet agreed that the debate on how the government planned to deal with unemployment over the medium and longer term should be put off until after the election.

Nor do those in Bonn intend to be diverted by new reports concerning layoffs and a shortage of orders -- last Thursday the Ford Works announced that it will be reducing its workforce by 6,000 workers and salaried employees. Until the fall, the chancellor's prestige and strong words must serve to keep the electorate in a good frame of mind.

All the same, the Bonn government's think tanks began work on longer-range plans some time ago: This week, SPD Research Minister Volker Hauff intends to let a small group of scientists in on some of his ministry's extremely controversial analyses and strategies for the future.

Together with Basel's economic forecasting institute, the research department of the ambitious member of the SPD executive board developed economic policy scenarios for the period through 1995.

Hypotheses on the future prospects of the West Germans constitute the point of departure of these studies, which have so far been kept confidential.

According to the studies, the average increase in oil supplies will amount at best to 2 percent annually over the next 15 years. The rise in oil prices will also surpass "world inflation" over the long term, and balance of payments deficits will become a permanent problem for the industrialized nations.

The experts refer to a dilemma which the politicians will not be able to escape at least until 1985: "While the foreign economic situation -- particularly the continuing increase in price of imported means of production and the danger of importing inflation -- suggests restrictive measures, domestic economic requirements (the need for a restructuring) would seem to argue for expansive measures." In other words: No matter whether the politicians step on the gas pedal or apply the brakes, they will be doing the right thing and the wrong thing in every case.

In taking an initial internal position on the studies by his experts, Hauff warns against any optimism: "In this new situation -- stagnation in the industrialized states, growth in economic strength for the oil-producing countries -- only at first glance has the Federal Republic held its own very well."

He says that pressure on the FRG labor market has been eased appreciably in recent years by the return of foreign workers to their homelands. On the other hand, by 1985 the number of gainfully employed persons will have grown by 1 million -- with fewer opportunities for employment.

Comments Hauff on his pessimistic analysis: "It would be politically shortsighted and economically unwise not to face up to this problem."

Yet the methods which economist Hauff favors will probably arouse considerable opposition, chiefly from his FDP coalition partners and their economics minister, Otto Graf Lambedorff.

Hauff's conception is that the state should employ massive spending programs to bring about those structural improvements which will ensure the Germans' survival over the next few decades.

Hauff rebuffs all those who are wedded solely to liberal, market-economy solutions, "who call for the state to withdraw from spheres of responsibility and for the acceptance of stagnant development in the hope that the crisis of catharsis will arouse sufficient forces." "A democratic society is neither able to nor wants to pay" the price of mass unemployment.

In the "S 3" scenario favored by Hauff, the state makes active "provision for growth" and does not find itself with an average growth in the national product of 2 percent annually up to the year 1985 -- as is the case with "S 1," the liberal counterpart of "S 3." Hauff's extremely ambitious goals: an average of 3.1 percent up to 1985, 4.2 percent up to 1990 and only thereafter a growth rate of 2 percent.

In the opinion of the scenario writers, a substantial increase by 1985 over the present recorded unemployment figure of nearly 1 million can thus be prevented only if the national product grows at a faster rate in the 1980's than in the 1970's.

According to this fine model, there should be only 540,000 jobless by 1990, but only 250,000 by 1995. On the other hand, the "catharsis-crisis scenario" forecasts massive unemployment in excess of 2 million well into the 1990's.

Hauff's dreams would be fairly costly to fulfill. The minister would have DM 120 billion spent each year until 1985 on public and private investments in four "bottleneck sectors" (communications technology, energy, housing construction and social services).

By contrast, the "S 1" scenario, which proposes a retreat on the part of the state, calls only for a scant DM 54 billion each year until 1985.

The state would be called upon to put up a total of perhaps one-third of the necessary investments, as direct subsidies or selective tax breaks.

The liberals will be especially disturbed by this: Private investments will receive support in the future only if they can be counted among the bottleneck sectors stipulated by Hauff's planners.

The minister's tough rule for survival: "Full employment has its price. The state and the economy must muster the courage to invest that DM 120 billion in the years ahead."

The funny thing is, that much money is simply not available. But the minister and his brain trust have the answer here as well: Prosperity is to be assured through credit.

Since these billions are not to be found among their own people, the planners have designs on the petrodollar holdings of the oil sheikhs. This means of raising money -- already practiced on a modest scale by Finance Minister Hans Matthoefer -- would reserve to the Laender and the cities the reduced capacities of the domestic capital market.

Hauff's recipe for full employment -- basically old SPD demands for state direction of investment activity repackaged in a new wrapper -- will of a certainty be hailed by the trade unions. The employee organizations have usually been right there from the beginning whenever government spending programs were at issue.

Nevertheless, as long as the Free Democrats share power in Bonn, and as long as convinced market-economist Schmidt is in the position of authority, Hauff will hardly be able to convert his scenarios into policy.

To be sure, given an absolute majority for the SPD in the next Bundestag, the chancellor would be hard put to stave off his colleague's ambitious dreams.

UNEMPLOYMENT RISING TOWARD ONE MILLION BY YEAR'S END

West Berlin DIW WOCHENBERICHT in German 2 Oct 80 pp 421-425

/Text/ Demand for additional manpower slackened in the second quarter of 1980, and the trend on the labor market consequently underwent a change. A scissors movement occurred between the development of employment and unemployment: While the figures of gainfully employed persons rose once again--though less than in the preceding quarter--, unemployment climbed sharply in the average of the quarter.

By contrast to the first quarter of 1980 wages and salary development in the quarter under review clearly reflected standard wage movements. Actual and average standard incomes rose equally, the upward wage drift of the first quarter slowed. In the quarter under review unit wage costs rose sharply. In processing industry they exceeded the corresponding level of the previous year by no less than 8.8 percent (in the preceding quarter by only 0.6 percent). A similar noticeable rise was recorded for the economy as a whole--6.4 percent.

Labor Market

In the average of the quarter unemployment rose--seasonally adjusted--by more than 50,000. At the end of June 1980 it was already 18,000 above the corresponding figure for the previous year. This ended a lengthy period of decline in unemployment. Disregarding minor interruptions, the seasonally adjusted unemployment figures had fallen by about 350,000 to the end of 1979 from a high in the fall of 1975.

A less healthy situation is also signaled by the development of the seasonally adjusted figure for vacancies, which declined by 15,000 in the quarter under review and, at the end of June, was below that of a year ago. Short-time work, almost insignificant since mid-1979, continued well below 100,000 and did not give any cause for concern.

The latest structure analysis by the Federal Institution for Labor for May last underscores the striking differences in the various sectors of the labor market. The sharp increase in entrants to the labor market has so far not been reflected in rising unemployment for this group. Young people below the age of 10 continue to be affected by joblessness rather less than average; compared to 1979 unemployment among this group has actually declined slightly. The situation is far worse with regard to unemployed people who are older than 55; their numbers again increased quite noticeably within the past year; moreover their job placement tends to meet with considerable difficulties. Unemployment among this group of persons often has

the result that early retirement (at age 60) is chosen, provided the necessary prerequisites are present.

Employment

Thanks to the comparatively much larger offer of job training opportunities the still rising numbers of entrants have been largely absorbed by the labor market. It is due in particular to this special feature that employment as a whole continued to expand. According to DIW calculations the numbers of gainfully employed persons have risen by about 40,000 (seasonally adjusted) in the average of the second quarter of 1980. They exceeded those of 1979 by 330,000.

In processing industry the demand for manpower did not on the whole increase. It must be noted that, if we consider separately the trainees who continued to be hired by craft enterprises and full-time workers employed in the production process, we observe a seasonally adjusted decline for the latter group. Only the investment goods industries (+ 21,000) still recorded a relatively healthy increase in manpower. Employment in basic materials and the production goods business barely rose in the quarter under review after expanding above average as late as the preceding quarter. Employment stagnated in mining, the consumer goods business and, latterly, also in the essential and nonessential food sector.

When we look at the various sectors of processing industry, unfavorable employment trends predominate. From the end of May to the end of June 1980 employment showed a (seasonal) increase only in the non-metallic minerals sector; it stagnated in road vehicle construction. Employment declined in the iron and steel producing industry, machine construction and electrical engineering; the textile and clothing industries also lost manpower.

While the employment figures for the construction industry managed to register another sharp gain in the previous quarter, a similarly sharp decline occurred in the quarter under review. Seasonally adjusted the manpower employed in construction fell by 24,000. The difference to last year's level narrowed from 4.4 percent to only 1.2 percent.

Employment in the wholesale and retail trade (+ 8,000) rose somewhat less than in the previous quarter. Employment in this sector has long proved to be relatively immune to business fluctuations. Transportation yields a somewhat less happy image. After rising for more than 2 years employment here ceased to grow because the Federal Post Office reduced hiring.

The steady expansion in employment in the services sector continued in the quarter under review. Accordingly the lion's share of the seasonally adjusted rise in total employment must be credited to public and private services. However, the increase in personnel employed in the public service (+ 2.1 percent compared to 1979) is attributable to a particularly sharp rise in the hiring of part-time staff; for quite some time this has considerably exceeded that of full-time employees. The development of employment figures by occupational status continues to vary a good deal. It is also quite indicative for the future trend of the employment potential.

By comparison to the previous year the numbers of trainees have risen by 11 percent, which means that this group accounts for more than half of all new hirings. The numbers of white collar workers rose by 1.2 percent, those of blue collar workers

by only 0.3 percent--compared to 0.7 percent in the preceding quarter. Wage earners declined in mining, the consumer goods industries, construction and even commerce.

Average Incomes

Income development in the second quarter of 1980 mainly corrected some weather-related distortions of the previous quarter; recorded at the same time were other irregularities--this time caused primarily by fewer working days--, so that we may expect only the third quarter to provide a ratio between standard wage and actual wage development consonant with business conditions.

In general the rise in average income per gainfully employed person, amounting to 6.6 percent, was the same as in the previous quarter. At the same time the last quarter's rather varied expansion of standard and actual wage development has evened out for blue collar workers. The wages drift again declined quite substantially. In the case of blue collar workers it has become minimal (0.6 percent), and it fell even for salaried employees.

Though average working hours in processing industry (- 2.7 percent) and even more in the construction industry (- 6.4 percent) fell in comparison to the previous year, no loss of income was recorded because the figures for paid working days remained constant. In the three main sectors--producing industry, trade and transportation--as well as in the services sector average incomes per employee expanded about equally. Some sector-specific divergences recorded from the overall economic average in the first and second quarter balanced each other within the first half year. The best example is mining. Here the income levels of the previous were barely exceeded (0.9 percent) in the first quarter but achieved 10 percent in the second.

Construction was a special case: As the result of good weather in the first quarter of 1980 the rate of change registered was quite extreme. Consequently the total rise in average incomes was recorded as about 1.5 percent--unduly high. In the quarter under review the income development returned to normal, showing a just about average rise in wages.

Outlook

Business in the Federal Republic further cooled off in the third quarter of this year. For employment this signifies the onset of an unfavorable trend. Due to a continued decline in the demand for manpower, seasonally adjusted employment ceased to grow in the third quarter. In the fourth quarter employment must be expected to drop slightly. However, taking the average of the year, the result of the previous year will--overall--still be exceeded by 1.2 percent.

After a low in February, unemployment in September was higher by about 150,000. At the end of 1980 it is likely to hit the 1 million mark (seasonally adjusted)--for the first time since early 1978. Still, in view of the low unemployment figures in the early part of the year the annual average of 900,000 will probably exceed the 1979 figures by only about 30,000.

Due to the weakening demand for manpower the wages drift will continue to decline in the second half of the year. Gross wages and salaries paid will increase by just under 8 percent in the average of 1980.

EXPERT VIEWS FUTURE OF REICHSBAHN IN WEST BERLIN

Hamburg DER SPIEGEL in German 6 Oct 80 pp 57-62

[Interview with Prof Nils Diederich, member of the Berlin SPD executive committee and Reichsbahn expert: "The GDR Cannot Eat the Good Apples"]

[Text] The Berlin railroad worker's strike collapsed, the German Federal Railways wants to take over some of the unemployed "Reichsbahn" employees. The GDR drastically reduced S-Bahn [intra-urban electrical railroad] service in West Berlin. The problem, however--according to SPD Bundestag member Diederich, who in his capacity as Senat chief of planning presented in 1974 a concept on combining all local transportation systems--is only now getting attention: Notwithstanding allied responsibilities, the expert feels that inner-German negotiations about the transportation scandal are inevitable.

SPIEGEL: Professor Diederich, when was the last time you took the S-Bahn?

Diederich: It has been quite a while.

SPIEGEL: Does that mean that you have written off the S-Bahn which is operated by the East "Reichsbahn" in the Western half of the city?

Diederich: By no means, but considering its function as a local means of transportation, in its present state the S-Bahn has turned into a museum railroad.

SPIEGEL: Until the middle of the week before last, several hundred railroad employees had been striking for 9 days for better working conditions at a relict from earlier railroad times--was that in vain?

Diederich: On a short-term basis there will be no changes for those workers who because of inclination or perhaps sense of duty are staying with the Reichsbahn and rejecting the offer of joining the Bundesbahn. But the railroad is getting political attention. I am proceeding from the fact that now deliberations will have to start to figure out to what extent the S-Bahn and Reichsbahn in Berlin can be included in transportation negotiations between the GDR, the Federal Government and Berlin's Senat. There is no way to circumvent it.

SPIEGEL: Nevertheless, in view of the complicated conditions--East German "sovereignty of operation," allied "supreme sovereignty" and a Senat which has little to say because it is surrounded by so many sovereignties--your party friend Dietrich Stobbe seems to feel that peace is the first civic duty. The governing official informed the strikers very soon that at the present time unilateral changes of the situation were not desirable for any of the parties involved.

Diederich: That is a bitter truth and the Berliners are now finding out that the four-power treaties and agreements based on it are not only of positive value but they also impose limitations on our ability to act. From a technical point of view, transit transportation by railroad, freight transport by rail and the operation of the S-Bahn in Berlin are one unit. The Reichsbahn has the right and at the same time the duty to provide service. If the Senat would now indicate an interest in operating an S-Bahn on its own, it would imply that it would also be willing to relieve the GDR of its obligations. And that would not be appropriate at this particular time.

SPIEGEL: Why is that so?

Diederich: Berlin's interest in survival simply demands clear and strict orientation toward that which was established by agreement.

SPIEGEL: At any rate, the Senat could clearly formulate West Berlin's positions of interest instead of hiding behind the allies. Are there any reasons why the S-Bahn should be brought back to life, or should it continue to deteriorate?

Diederich: It is a technical question of transportation, and political problems are putting it in the wrong perspective. No responsible politician can demand at this particular time that the Senat, for instance, ask the Western Powers to initiate a change by ignoring the Soviet Union or in consultation with the Soviet Union. The attitude of the allies clearly leads to the conclusion that they intend to continue strict adherence to the agreements of 35 years ago.

SPIEGEL: But, as you put it, the train started moving a long time ago. Already before the strike the GDR signaled that it would like nothing better than to get rid of the S-Bahn since it was running a deficit.

Diederich: The Reichsbahn is using this more or less to lure West Berlin or even to blackmail it. At one time it says, "You can lease the S-Bahn." It is a political impossibility because the GDR was only granted the sovereignty to operate it and, as it were, the S-Bahn does not belong to the GDR. At another time it says, "We want subsidies or we won't do it any longer."

SPIEGEL: From the point of view of the GDR, is the demand unreasonable? After all, the operation of the West Berlin subway has to be subsidized as well.

Diederich: It is easy for the public to overlook the fact that the issue is not only and, if you like, least of all the S-Bahn. Practically, it has lost all significance. But there is the freight transport of the Reichsbahn which is certainly profitable. Furthermore, there is the long-distance operation to the FRG, about which I cannot say whether it is worthwhile or not but I am inclined to think so. The GDR does not want to give up either operation by any means. It does not want

to do that for political reasons among others. And the third service, the S-Bahn which is operated at a loss, cannot simply be singled out arbitrarily. The GDR cannot only eat the good apples and offer the bad ones to others. As a consequence, the GDR can be expected to make up the losses on one side with the gains on the other side.

SPIEGEL: The desire is not new. The decrepit 145-kilometer S-Bahn net in West Berlin has been a liability for the GDR for 35 years. Whoever wants to change that must pay.

Diederich: Naturally, and that is the central issue. One could certainly say that the GDR Reichsbahn has neglected its operational duties for decades, because it only invested in the maintenance of the S-Bahn. To be sure, the GDR emphasized on several occasions that it would like to receive subsidies for the operation of the S-Bahn. But it never gave a clear indication that as a countermeasure, I would even like to say as a precondition, it would be willing to act in a manner that is expected of transportation carriers.

SPIEGEL: If the allied sovereigns want to preserve their rights of sovereignty even at switch towers and overgrown S-Bahn stations and since the hands of the Senat are tied--where, as it were below the big questions of status, can there be any room left for negotiations?

Diederich: The Senat could and probably will also become active towards the Federal Government in the inner-German relationship. Naturally, it has to be done in a discreet manner. Subsequently, the way I see it, the Federal Government will remind the GDR of its duties of operation and it could also call attention to the fact that in the long run the Berlin S-Bahn can survive if the GDR incorporates it into a sensible traffic system.

SPIEGEL: Would they be acting legitimately?

Diederich: If the S-Bahn system is considered an extension of the railroad system, it provides the legitimacy for discussions with the GDR. The GDR itself looks upon it as a unit, and it is precisely this access to West Berlin territory, also in freight and long-distance travel transport, the uninterrupted control of transportation routes to Berlin, all of which is of considerable value to the GDR.

SPIEGEL: From a long-term point of view, improved S-Bahn service would be at best of technical value in transportation for West Berliners. When you were in charge of the Senat planning group in 1974, the topic of a combined system, a taboo, was already mentioned; at that time you were already of the opinion that the remaining torso of the S-Bahn in West Berlin was usable on a limited basis; is that still so today?

Diederich: One has to recognize that the development of construction in the city is no longer taking place along S-Bahn routes but between S-Bahn routes. Furthermore, one must also recognize that in the meantime the development of the West Berlin transportation system has been totally removed from the fact that there is also an S-Bahn. Nevertheless, a combined system could be brought about even today.

SPIEGEL: What will it eventually look like since the systems do not fit together any longer?

Diederich: Technically, it will be accomplished through additions, reconstruction, new construction, new intersections, stations for changes, branch routes, switches for turning around, a big task including the restructure of the Berlin bus net and the total modernization of the S-Bahn car park. Organizationally, the first envisioned step might be the establishment by the Reichsbahn of an office in West Berlin which could then act as a partner in negotiations and talks with public transportation systems, the Berlin Senat, and also be a partner during contract negotiations with unions, as happens in other Western enterprises.

SPIEGEL: And how would West Berliners benefit from it?

Diederich: Fringe areas near routes, for instance, could be better served by permitting fast service to downtown areas with few stops.

SPIEGEL: Not to mention the billions in cost, which would have to be borne primarily by the Federal Government and the Land of Berlin for a transportation system which at the present time is almost dispensable--why should the GDR be interested in joining such a project?

Diederich: As was said before, they want to keep a foot in the Western part of the city; but, naturally, it would take some pressure to get started on modernization.

SPIEGEL: Pressure from Bonn, gently past the barriers of four-power responsibilities?

Diederich: The GDR would certainly have to take the first step and present a definite plan indicating that in its own interest as well as in the interest of West Berliners, it is willing to transform the S-Bahn into a modern transportation system instead of clinging to an antiquated doctrine, according to which this railroad is some kind of a GDR territorial outpost in West Berlin, which must therefore be maintained poorly rather than properly.

8991

CSO: 3103

LOCAL ELECTIONS CONFIRM TREND TO RIGHT; COMMUNISTS REACT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Oct 80 p 5

[Report by "W. A.": Finnish Communists Quarreling--Who Is To Be Blamed for the Election Defeat?--Shifts in Government Coalition"]

[Text] Stockholm, 22 Oct--The municipal elections concluded Monday confirmed a trend toward the right which had already been noticeable in the last parliamentary election held a year and a half ago. The Finnish Communists have reacted to the results with irritation. Deputy Party Chairman Sinisalo, who heads the so-called orthodox wing of Stalinist orientation, has now openly advocated that the Communists leave the center-left coalition of Social Democratic Prime Minister Koivisto. On the other hand, Communist Party Chairman Saarinen, putting the main blame for his party's losses in votes on the group around Sinisalo, on Wednesday spoke in favor of adhering to the current government coalition. On the eve of the municipal elections, however, Saarinen had caused new tensions in that coalition by indicating to the head of government that the Communists did not consider him to be acceptable as a possible successor of President Kekkonen.

By obtaining a majority in 395 of the 445 towns and communes of the country, with a 57.7-percent share in the vote, the bourgeois parties further expanded their absolute majority at the municipal level. Though the Social Democrats remained the strongest party, the gap between them and the conservative National Coalition Party shrank to 2.6 percent. The Communist-dominated People's Democrats, on the other hand, suffered a severe setback, losing almost 2 percent of the vote compared with the municipal elections 4 years ago and obtaining only 16.7 percent. The three other government parties, for their part, scored slight gains or at least managed to strengthen their position. While the Social Democrats, increasing their share of the vote by 0.7 percent, reached 25.6 percent, and the agrarian Center Party, gaining 0.2 percent, attained 18.7 percent, the Swedish People's Party, with 4.7 percent, obtained the same share of the vote as in 1976. The actual victors were the conservatives, who have now constituted the opposition in Parliament for 16 years. Having already scored substantial gains in the parliamentary elections in spring 1979, they now did similarly well in the towns and communes, raising their share of the vote by 2.1 percent to 23 percent.

Political observers in Helsinki therefore believe that in the near future the National Coalition party might be able to govern with the Social Democrats but without the Communists. Such a coalition, however, is feared especially by the Center Party, which in the past has lost many votes to the conservatives. To

continue to keep these from governmental power would ever more clearly amount to ignoring the wish of the voters. Apparently the Communists in particular intend to disregard this fact. Saarinen gave as a reason for his opposing Koivisto as a possible successor of Kekkonen the fact that the Prime Minister's popularity was due to an "increasing rightwing trend" which might run counter to the foreign political interests of the country.

It is a matter of speculation as to whether, as was suspected immediately, the chairman with his no to Koivisto was acting in the spirit or even on behalf of Moscow. However, particularly against the background of developments in Poland and the latest remonstrations in Estonia against the pressure for Russification, the Soviet Union at present is hardly likely to be interested in the Communists leaving the Koivisto government, because probably in Finland too some things would then be set in motion which might cause concern to the Kremlin.

8790

CSO: 3103

COMMUNIST LABOR MINISTER AALTO'S GOALS ANALYZED

Helsinki HELSINGIN SANOMAT in Finnish 5 Oct 80 p 36

[Article by Arvo Astikainen]

[Text] The officials of the Labor Administration are annoyed by the Labor Minister's appointment politics, which is "aimed at correcting unsatisfactory states of things": Communists are appointed as officials in the officialdom.

The highest employment agent of the country, Labor Minister Arvo Aalto (The Communist Party) has recently been placing educated Communists into the officialdom that he is ruling to such an extent that the old officials of the Labor Administration are beginning to get nervous.

When Aalto recently appointed the Political Secretary of the minister of education, Kalevi Kivistö (The Finnish People's Democratic League) as the Jyväskylä labor district inspector the eyes of many people were flashing. The Chancellor of Justice received protest letters, the Supreme Court of Administration received complaints. The dozing personnel association began to prepare a memorandum to the minister.

Individuals who considered themselves passed over brought up the personnel political program that Aalto had enforced and pointed out the conflict between the program and practice.

The Deputy Under-Secretary subordinated to Aalto and the Assistant Deputy Under-secretary demonstratively stopped presenting their proposals for candidates, since their statements had no effect on the choices made by Aalto.

Arvo Aalto, a former mason and the former District Secretary of Lapland of the Communist Party and since 1969 the Secretary General of the Communist Party was promoted to Labor Minister in May 1977.

The Ministry of Labor has been ruled by Aalto continuously for almost 3-1/2 years. Since his term as Labor Minister has lasted so long Aalto has a very strong hold on the administrative machinery. He has concentrated the power to himself in the way it suits the head of a ministry and the Secretary General of the Communist Party.

How the Line Was Drawn

In the very beginning Aalto declared his appointment line quite clearly to the leading officials: There were not enough Communists in the Ministry of Labor to provide the minister with enough trustworthy assistance.

This entitles the minister to get representatives into the Labor Administration in the right proportion.

In January 1979 when the party leaders promised to give up political office appointments, Aalto presented the view of the Finnish Communist Party:

"We, the Communists and other People's Democrats believe that the central positions have to be appointed on open political grounds in order to obtain the highest possible representativity. These positions have very few People's Democrats and therefore we consider it necessary to correct the situation.

According to the story there were "only two Communists" in the Labor Administration when Aalto entered. For decades the briefcase of the Labor Minister had been in the care of the Agrarian Party/Center Party or the Social Democrats, which is still reflected in the composition of the body of officials. The Communist Paavo Aalto served as Labor Minister 1975-1976, but according to the officials he was a gentleman even in the appointment matters.

Aalto has gathered a small secretariat immediately around himself. Aalto had placed assistants and representatives into all the departments of the ministry and recently positions have become available for the cadres of the Finnish Communist Party members especially in the labor districts and the local divisions.

When the secretariat was set up in the state administration a new title for a position was created, the Secretary of the Political Secretary.

Aalto absolutely wanted that the Secretary of the head of the Administrative Office become the Secretary of the Political Secretary. The officials were amazed at such a zeal and later clarified in their own studies that the secretary was the former clerk of the Sirola Institute.

In addition to the Technical Secretary, the Political Secretary and the Secretary of the Political Secretary Aalto's immediate secretariat consists of two civil officials whom Aalto has chosen and to whom Aalto assigns the tasks.

The two civil officials entered the ministry after a small argument. Aalto planned that civil officials would also be placed into each labor district. The leading officials were against such an undertaking: in the districts these individuals would have gathered experience for possible later labor positions. As a compromise two men were accepted into the ministry.

The Secretary General

One of the most apparent "correcting of unsatisfactory states of things" that Aalto accomplished was to get a Communist to become the Secretary General of the Ministry of Labor after Keijo Liinamaa (Soc. Dem.)

The referendary of officials of the ministry Deputy Under-Secretary Heikki Salovaara proposed for Secretary General the head of the planning department of the ministry, Lauri Korpelainen. Korpelainen was not good enough for Aalto, who for the position wanted the Technical Assistant City Manager of Kuopio. Taisto Heikkilä.

In the government voting the Center Party supported the People's Democratic League and the president appointed Heikkilä. This obviously damaged the relations between the League of Democratic Pioneers and the People's Democratic League. The new Secretary General began his work in the beginning of this year. In the ministry shoulders are now shrugged and eyebrows are raised because "plumber Heikkilä was elected. "He is a kind, pleasant man who strives for equality. But he does not interfere in anything. He is completely in the shadow of Aalto. He is looking for ways to be away from the ministry such as trips, visits, dinner parties, sauna or the meetings of the League of Cities".

"Has the Secretary General presented any standpoint about labor politics in these nine months?" one official asks without revealing his identity in order to protect his position.

"If Aalto will be succeeded by a weak minister, the Ministry of Labor will be in bad trouble".

The constant cause of aggravation of the Ministry of Labor, bureau chief Altti Majava, has been constantly fighting with Aalto over the issue of office appointments. Majava thinks that the planning division that he is the head of has become comparatively "the most severely affected" by the onesided personnel politics of Aalto as compared to other divisions.

"Half of the staff of this little unit is now made up of minister Aalto's soul mates", says Majava.

Majava is especially irritated by three appointments to office made by Aalto. In the fall of 1978 Aalto picked out Markku Pihlaja, Master of Pol. Sci. of 81 candidates for a research worker. The Majava division considered the best candidate to be Jouko Pihlaja, Master of Pol. Sci. who had been working as the substitute of the position for four years.

Tapio was one of Aalto's close assistants and got the position.

In the spring of 1979 Aalto picked for a special research worker Jarmo Laine from the Economical Labor Research Institute. Passed over were again candidates considered to be the most meritorious ones by the planning department and the planning division, individuals who had worked for years as research workers of the ministry. Laine became one of Aalto's close assistants.

When Markku Tapio left the Aalto ministry for the Ministry of Commerce and Industry. Aalto chose as his successor Pentti Vuorinen from the Statistical Central Bureau. The planning department had again misevaluated the merits of the candidates: the department had suggested Jouko Pihlaja. Aalto needed Vuorinen among his assistants and got him.

"These three cases have it in common that the Minister of Labor has deviated from the proposals of the planning department and the planning division. The applicants considered the most meritorious ones by them were passed over and appointed to the office was an individual, who represents the same standpoint of the People's Democratic League, as the Minister of Labor himself", Altti Majava stated in his memorandum about what had taken place.

The District Chiefs

Two years ago Aalto got the first Communist as a chief of a labor district. The Council of State appointed then as the Chief of the Rovaniemi District the Administrative Chief of the Regional Planning Authority, Taito Määttä. The referendary, Secretary General Liinamaa, considered Timo Filpus who had served in the Ministry of Labor for 14 years the most competent candidate. Määttä was not even included in the list of the three best candidates.

Liinamaa entered his differing viewpoint into the records of the parliament. Altti Majava protested to the legal counsel appointed by the Diet. Määttä came and stayed. The officials raised their eyebrows also because of this choice.

Filpus, who was not appointed, who was not committed to any party, had already five years earlier left the position as the bureau chief of the Jyväskylä district division, for the recent university graduate, the leader of the Center Party youth, Risto Volanen. Now Filpus serves as the research leader of the Ministry of Labor.

Last year Aalto got a second district chief position for the Communist Party in Tampere. In the same deal the Center Party got the district of Joensuu. And again murmur was heard in the ministry; the most meritorious individuals were passed over.

The head of the labor division of Riihimäki, Aino Riihentupa became the district chief of Tampere. This was followed by a chain reaction of appointments in the Communist Party: the head of the labor division of Kemijärvi was transferred to Riihimäki and in Kemijärvi a position was opened for a representative of the minister.

The old officials who had been following the activities of the minister show in their documents that the support net of Aalto has been stretched also to include Muonio, Pori and Kuopio.

The district and local divisions of the Ministry of Labor have throughout the year, been suitable for placing local small politicians and the young official material of the parties.

The head of the labor division of Turku has at times jumped from his position all the way into the parliament.

Two district inspector appointments made by Aalto have recently created murmur in the Ministry of Labor. The minister arranged for two of his "own men" positions as district inspectors in the districts of Rovaniemi and Jyväskylä.

In Rovaniemi Aalto placed the secretary of planning of the Lapland County government and in Jyväskylä Jouko Haapamäki, the political secretary of the Minister of Education, Kalevi Kivistö.

Pekka Peltola, who had been the head of the labor division of Rovaniemi for seven years, was left to swallow the grounds for Aalto's judgement. He happened to be a member of the Center Party.

In Jyväskylä District was Haapamäki whose work experience was gained within the field of child psychology. His home town is Jyväskylä.

The appointment of Haapamäki created a real legal controversy. Haapamäki's education amounts to a Bachelor of Arts degree, which by many people is not considered a final academic degree. According to the regulations a district inspector is required to have a final degree from a university or the examination in social sciences from Tampere.

Individuals who were passed over at the appointment protested to the Chancellor of Justice. The Chancellor of Justice answered that the Bachelor of Arts degree can be considered to be a final degree and is thus a final examination from a University.

Now the grounds of the appointments are to be evaluated by the Supreme Court of Administration, which will deliver a preliminary decision about the final degrees.

Haapamäki has immediately received leave of absence from his new position. The division chief who was passed over was considered good enough to work as the substitute.

Arvo Aalto is known as an energetic worker. Almost every day he goes through a huge amount of papers and takes a clear standpoint to them. According to a few officials the minister pries into all the documents a bit too carefully.

In the parliament Aalto uses every moment to speak for his own ministry in his laconic, bear-like-morose way. And he is influential: there is not a negotiation whereby Aalto would not get a few more tens of millions of employment funds.

This steady minister has with his thick mason hands grabbed also the matters of his own ministry, among others the appointments to office.

The minister has the right to appoint to office in the Ministry of Labor the personnel subordinated to the parliament secretaries, the heads of the district divisions, the research workers and the inspectors of the district divisions as well as the heads of the local division. The remaining appointment power is with the president, the Council of State or the district chiefs.

Aalto uses the power assigned to him in a sovereign way. The Deputy Under-Secretaries do not even hire errand girls. They may present their proposals. The exchange of opinions has transferred onto paper and into whispering. Within the leading group of the ministry appointments to office have not been openly discussed any longer for a couple of years.

The referendaries of the minister's appointments, division chief Matti Ilonen and parliament secretary Juha Julkunen write the papers the way the minister wants them and the way the political secretary tells them that the minister wants them. Differing opinions are not documented.

Everything that takes place is naturally legal - the authority to overrule provides the choices of the minister with enough margin.

The Power of Ettala

Together with Aalto there is another strong man in the Ministry of Labor - he has been there for a long time: the head of the labor department, strong enough to take some beating, member of the Center Party, Hannu Ettala. Through him go the employment support matters and the employment funds, over a billion marks per year to the counties and enterprises. A lot of politics is involved with the money.

Especially the Social Democrats have in the Ministry of Labor seen the shaft of Aalto and Ettala in both the use of the employment money as well as appointments to office.

With the help of Aalto Ettala got his friend Taisto Heikkilä the position of Chief Secretary.

"Ettala knew Heikkilä as a fellow, who would not cause any trouble as Chief Secretary" it is explained in the Ministry.

According to Ettala the talk about cooperation is slandering. "The only way to affect the appointments is through the advisory opinions. Since the reports have not had any effects on the appointments made by Aalto, I have stopped preparing useless reports" says Ettala.

Ettala did not make any statement about the positions as district inspectors that are at the present waiting to be filled. The same was done by the Assistant Deputy Under-Secretary of Ettala's department, Vilppu Peltonäki, not committed to any party.

The personnel association of the Labor Administration has also begun to prepare a demonstration as demanded by the embittered field personnel. The leaders of the personnel association do not yet want to say anything about the appointment politics of the minister, since the matter will not be handled by the board of the association until next Thursday.

The people of the Ministry of Labor are careful. The officials of the Ministry for Foreign Affairs would already a couple of times have reached the minister with their letters.

Aalto's Program

Officials who are concerned about their careers have recently been busy browsing through the personnel political program that Aalto enforced two years ago.

Aalto's program was like the declaration of the human rights: when the personnel is chosen one should abide by the rules of justice, equality and publicity. Nobody may be discriminated against nor favored. The choice has to be made on clear grounds. The advancement of the career has to be taken into account. The work experience gained within the Labor Administration should be considered more meriting than other experience of similar duration.

Embittered, stranded opponents of Aalto, Conservative or Democrats naturally see a conflict between the Aalto program and what is practiced by Aalto: Communists are favored, one cannot get promoted in one's career, experience within the Labor Administration is not taken into account.

"This is almost like the Board of Labor Protection", an old official grumbles.

The Color Scheme

Arvo Aalto rules an administrative machinery of approximately 2300 individuals a ministry of over two hundred officials, 12 labor districts and a labor division in every third county.

Not even the blackest bourgeois needs to lose his night rest anyway. Aalto has not yet gone over the point reached by the Communist Party leader Aimo Aaltonen 35 years ago. Aaltonen made a Communist network out of the State Police. Out of the Labor Administration positions not even one tenth is yet held by Communists.

Among the permanent officials of the Ministry there is over 10 Democrats and Communists and about 10 members of the Center Party. There are many more officials who are not committed to any party. Six of the labor districts are headed by Democrats, two by Communists and two by the Center Party. Two districts are left for the others.

Aalto's Answer: The Choices Pertinent, the Criticism Unfounded

There are fewer Communists within the Labor Administration than there are representatives of any other major party. If any political appointment politics has been exercised, it has strongly discriminated against the Communists and the People's Democrats, and it has so far not been straightened out at all to the extent that the slightest amount of justice would require.

This is the answer of the Minister of Labor, Arvo Aalto (Communist) to the grumbling of his officials. According to Aalto he is criticized on "very shaky grounds".

"I am ready to defend my appointments in front of any forum. They have all been made on very strong, pertinent grounds".

As an example he points out that the sufficiency of Jouko Haapamäki's degree, Bachelor of Arts, was confirmed in advance by the office of the Chancellor of Justice. Jouko Jussila in his turn was "a very qualified and competent fellow" as a district inspector. "The experience that he has gained as a research worker of the County Council makes him able to fulfill in a substantial way the work that within the district can as a whole be considered pertinent."

The arrival of Pentti Tuominen into the ministry was according to Aalto based on a stature, which requires that substantial emphasis be given the technological development in the labor research. Vuorinen had become very thoroughly experienced with these matters. The new district chief of Tampere, for one, had for an exceptionally long time been in the Labor Administration and besides that she was a competent woman.

Aalto points out that the personnel program of the ministry does not exclude appointments that have to be made outside the administrative field.

Aalto says that he also takes into account the proposals made by the districts and the advisory opinions about the candidates given by his subordinates. "But I have, of course, as the appointer my own authority to overrule. As a main rule the appointments have been made based on the proposals. They have, on the other hand, generally, been in conflict with each other".

Aalto has recently appointed three district inspectors. Tampere got the man with the Master of Pol Sci degree that the district had proposed. The district was pleased. "To Oulu I appointed the individual that the district had rated as the second choice, but whom I absolutely considered the formally more competent one". He happened to a People's Democrat. "To the Helsinki District I appointed an individual who in my view undisputably is the most competent one and who certainly is not a member of neither the Communist nor the People's Democrats parties". To Helsinki will come the head of the Loimaa labor division, a Social Democrat. It is still decided who will become the district inspector of Kajaani.

9662
CSO: 3107

VÄYRYNEN: CONSERVATIVE PARTY UNDERMINES UKK'S EFFORTS

Helsinki HELSINGIN SANOMAT in Finnish 5 Oct 80 p 27

[Interview with Paavo Väyrynen Center Party Chairman by Kalle Heis Kanen, HELSINGIN SANOMAT editor; date and place not given]

[Text] Paavo Väyrynen who has advised UKK through the summer pushes the presidential election matter aside as premature. "I have never strived to do anything in politics" the spokesman of the soft Center Party line analyses. He predicts that the government will not have to face any hurdle before the 1982 budget.

The young 34-year old chairman of the Center Party, Paavo Matti Väyrynen, who demands that UKK be given a chance to work in peace, covers himself in a mantle of unselfishness:

"In my political activities there has never been a situation whereby I would have strived for anything" he assures, but he agrees that the statement "may seem naive and will possibly not be believed."

Väyrynen who celebrates his birthday on 2 September, or 1 day before UKK, states that he has always tried to be cautious: "It seems wise to me that before you do or say something, you should think it through carefully."

About his Centerpolitical standpoint he says that it is "a soft attitude toward the individual - we push for the best interest of the poor individual and we know how important the spiritual security is for a human being."

The HELSINGIN SANOMAT editor Kalle Heiskanen discussed with the Center Party Chairman Paavo Väyrynen:

[Question] Why should one not talk about the successor of president Urho Kekkonen in Finland?

[Answer] The present term of President Kekkonen lasts until the spring of 1984. Since he has been very unanimously elected for his office it seems reasonable to me that he should have peace to work and that an official discussion should be avoided.

[Question] When will the Center Party consider it to be the right time to discuss this matter?

[Answer] The right time will be when the present president is no longer available. We have clearly announced that we support him as long as he is available.

[Question] That is after 1984?

[Answer] That depends on how long President Kekkonen is available.

[Question] Are you going to clarify this before the party meeting in 1982?

[Answer] It is not necessary to make decisions with regard to the successor at the next party meeting. It is possible to have an extra party meeting before the next election.

[Question] Is it aggravating that Aarne Saarinen and Ilkka Suominen already went ahead and gave their support to an extended term for President Kekkonen?

[Answer] Of course not. But I am amazed that many people say that this matter should not be discussed and then they take a standpoint anyway and initiate a discussion.

[Question] When will you be going to ask President Kekkonen to be the candidate of the Center Party for the 1984 election?

[Answer] This matter is also premature.

The Players of the Presidential Game.

[Question] Are the leading Center Party members involved in a presidential campaign?

[Answer] I do not think that any leading Center Party member has anything of that kind on his mind.

[Question] Could Johannes Virolainen be the presidential candidate of the Center Party, when it is time for this question?

[Answer] The question is premature and it seems needless to begin to speak about individuals.

[Question] What about Ahti Karjalainen?

[Answer] This applies to all individuals.

[Question] Would you move away from Finland if Mauno Koivisto were elected to be president.

[Answer] Why should I?

[Response] To our knowledge you have said that.

[Answer] I have never said that.

[Question] Would Mauno Koivisto be a suitable president?

[Answer] This question also seems premature to me.

[Question] When was the last time when you yourself thought about the possibility of one day becoming the host of Tamminiemi?

[Answer] I have never thought of that so the question is not appropriately presented.

[Question] Do you want to, hope to or strive to become the president?

[Answer] No. (with emphasis) - For the clarification I can give an answer which may sound naive and it is possible that you will not believe it, but I will say it anyway because it is the truth.

In my political activities I have never had a situation, whereby I would have strived for anything. The tasks that I have been given I have tried to take care of as well as I have been able to and I have tried to be worthy of the trust that has been shown.

I have of course known that when you handle your tasks well you may be offered more demanding tasks. I have never had the mind of a pusher.

[Question] You may sometimes have thought of whether you should head for the prime minister-president line or the Speaker line?

[Answer] We do not have any such lines in Finland. I have, however, had to make one choice. Some years ago we had to decide who should take care of our homestead. I was the only son of the house and at that point I seriously considered giving up politics. I did, however, realize that I had got so far in this profession that I could no longer leave it. Thereafter my sister and her husband gave up the profession that they had chosen and decided to take care of the homestead.

The Difficulties of the Government.

[Question] A couple of years ago the Center Party criticized the government heavily. Now the social democrats are presenting criticism. How have the roles shifted in two years?

[Answer] The position of the Center Party is obviously stronger than it was in the majority government of the 70s. On the other hand it seems as if the dissatisfaction exists within the leading group of the party. The supporters and the voters seem satisfied, which is also shown in the most recent opinion poll.

[Question] Is the Center Party intending to loosen its reins in the government or to take the risk that the Social Democrats get fed up and take off?

[Answer] When difficult decisions are being made in the government there is also a very great risk that co-operation will be discontinued. The so-called political willpower is hereby tested. I do not believe that there will be any essential changes in the politics of the government. As long as the present government is in power matters will be handled essentially the way they have been handled so far.

[Question] It seems as if the difficulties that preceded the June party meeting are continuing and that they are reflected in the situation of the government.

[Answer] We do not have any special difficulties. The claims that our party meeting would somehow have determined the politics of the government are other people's inventions. We may, however, question whether the internal matters of other parties are in order when you follow the work of the government and see the existing difficulties.

[Question] Is Kalevi Sorsa breaking up the government?

[Answer] It is hard to tell what various goals different politicians have. I have indeed understood that the Social Democrats are supporting their own prime minister.

[Question] May be the Center Party wants the Koivisto government to fall apart by pushing the situation toward the intolerable.

[Answer] Not at all! We have been very pleased with the government because it has been more just toward different parts of the population than many other earlier majority governments. We hope that we can continue as far as possible. At least until the next parliament elections if at all possible.

[Question] How long a lifetime will the government have?

[Answer] If the political willpower remains with all the parties the earliest hurdle would be the budget of 1982. Before then I do not see any really difficult problems.

The Pressure from Agriculture.

[Question] What about the new law regarding income from farming?

[Answer] That may be difficult, but if there is farsightedness also among the leftist groups, I do not believe that these will be insurmountable difficulties. When I say farsightedness I mean that our big national problem is the low number of young farmers. We are on our way toward a difficult labor power crisis in the rural parts of the country. Like elsewhere in working life a profession with a substantially lower social security and income level than other professions does not attract young people. But if agricultural politics will be handled like in the 60s and the 70s we will get into big difficulties.

[Question] But throughout the entire 70s you were the majority of the government. You had the Secretary of Agriculture and what was the result?

[Answer] In politics one has to fit together all kinds of matters. The fact that during the 70s before other matters very difficult economical problems were handled under the positive influence of the leftists did require from our part the willingness to compromise in matters regarding agriculture. A contributing factor was that the general opinion was less favorable with regard to farming.

The Competency of the Coalition Party.

[Question] Why is the Coalition Party not competent for the government?

[Answer] In order to handle matters properly it is necessary to be backed up by a two-thirds majority in the parliament. The government has to be set up so that one can get that majority. This is most successful if at least the Social Democrats and the Center Party are co-operating. The Center Party has nothing against the Coalition Party entering the government, on the contrary. But so far the leftist parties have refused to cooperate in the government with the Coalition Party.

[Question] Have you done anything to help the Coalition Party to enter the government?

[Answer] What could we do to promote that?

[Response] Well, that is not a problem of the Center Party?

[Answer] Well, it is our problem so far that the voters incorrectly have perceived that the situation depends on the Center Party. The Coalition Party itself has explained the matter incorrectly. Politically the situation has for a long time been a burden for the Center Party.

[Question] How do the voters nowadays distinguish between the Center Party and the Coalition Party?

[Answer] That is indeed hard, because the Coalition Party does not have a profile. It is a party that does not do anything, neither good nor bad. The Coalition party just exists! The Center Party is a centrist party, the Coalition Party is rightist party. That is the essential difference.

[Question] Why does the Center Party prefer to cooperate with the Communists, the Socialists and the Social Democrats rather than with the Coalition Party?

[Answer] Your statement is not correct. The fact that we form large government coalitions is neither based on antipathies nor sympathies but on how the matters of the country are handled. It requires that the core of the government be made up by the Social Democrats and the Center Party.

A Bourgeois Government.

[Question] With long intervals the country has, however, been governed by a scarce majority or even a minority government. Why is there not a bourgeois majority government, although the parliament has a bourgeois majority?

[Answer] When the matters of the country have been successfully handled, we have had governments with a large base. At times when we have had governments that have leaned on a small majority the economical and other developments have been out of equilibrium.

[Question] What would happen if we would get a majority government in the country?

[Answer] A government with only leftists, only centrists or only conservatives would in a short time lead to a strong aggravation of the political conditions. It would be hard to handle matters, especially economical politics in a sensible way. People who push for such an alternative should try to be a little more farsighted. If it is not possible to have a government with a wide basis the best alternative would be a minority government with the Center Party or the Social Democrats or a government constituted by officials, which through negotiations can get support from different sides.

[Question] A bourgeois majority government can thus not be expected?

[Answer] I do not consider that a clever idea.

[Question] Are all non socialist parties anyway suitable for the government with regard to foreign politics?

[Answer] It is interesting what you mean with such a question. May be you would like to make the question more precise?

[Question] Would foreign political problems arise if a government based on a nonsocialist majority would function with the support of the Christian League or the Finnish Rural Party?

[Answer] Even from a foreign-political standpoint it is desirable that we have a government with a wide base. If the entire nonsocialist side or the entire left side would be in opposition, these would have very pointed relations and the foreign politics would easily become a matter to fight about. That would be very unfortunate for the entire country.

Foreign Political Patterns.

[Question] Is the Coalition Party one of the trustworthy or less trustworthy parties with regard to foreign politics?

[Answer] The Coalition Party has in its official standpoints supported the official line and in the last elections it stood behind President Kekkonen. The election results of the Coalition Party were, however, substantially poorer than previous

results. This indicates that a certain part of the support base of the Coalition Party has not given its support to the foreign political orientation of the leaders of the party.

[Question] Do you suspect that there would be night frost if the Coalition Party were in the government?

[Answer] I have not said such a thing.

[Question] When the last government was formed there were thus no "general reasons?"

[Answer] In the columns of HELSINGIN SANOMAT Prime Minister Mauno Koivisto demonstrates that the leftists have not presented foreign political grounds for the fact that the Coalition Party was left out of the government. To me that is strong evidence.

[Question] What is your opinion of Ilkka Suominen?

[Answer] Nice man.

[Question] As a politician?

[Answer] I know him since the time when both of us in 1970 entered the parliament and since those days a positive image of him has remained in my mind. At least in those days he belonged to the progressive, cooperative grouping.

[Question] And now then, is he the prisoner of the right-wing side of his party?

[Answer] The future will show. I have certainly noticed that since the last elections the spirits of the reformers of the Coalition Party have showed up very weakly, if at all.

[Question] What is your opinion of Mauno Koivisto?

[Answer] It is questionable to evaluate other politicians. It is better if the citizens evaluate us and draw their conclusions.

[Question] You stated about Ilkka Suominen that he is a nice man. Well, what about Manu?

[Answer] Oh sure, Manu is a nice man too. Everybody knows that.

The Ideals of the Center Party.

[Question] The rightistness of the Center Party has been called soft. What on earth is soft rightistness?

[Answer] The politics of the Center Party is not rightist politics, but it is indeed soft. Measured roughly we are social radicals, but moral conservatives. That means a soft attitude toward people and life. We work in the best interest of poor people and we understand how important the spiritual security is for the

individual. Some group of intellectuals in Helsinki may call this stagnation, but to me it is progressiveness.

[Question] Is the Center Party socialist or non socialist?

[Answer] It is very clearly a nonsocialist party.

[Question] Do you support the capitalist system?

[Answer] No, we do not. The Center Party has its own econopolitical alternative. We do believe that the management of the economy should primarily be based on the market economy. This, however, is not the same thing as accepting the capitalist system as such.

The attitude toward centralization is essential. The Center Party has fought and is fighting against regional centralization. We are likewise against the centralization of business enterprise by working to promote the interest of small enterprises. These are for us very central idealistic matters.

[Question] Is this centrist economical system closer to the socialist or the capitalist system?

[Answer] It is naturally closer to the capitalist system.

[Question] The biggest concern of the Center Party in the recent budget negotiations was about the grants for farming, although the party is trying to widen its support base. Why?

[Answer] This is because the Social Democrats were presenting the most resistance in these matters. The Social Democrats were indeed ready to substantially increase the grants for industry, but when the farmers' matters were discussed, the situation was impossible. In the beginning they did not even agree to carry out the matters that had been agreed upon between the parties.

The Virolainen Case.

[Question] How are you going to get rid of the grip that the chairman of the Agricultural Producers Association, Heikki Haavisto, has taken of you?

[Answer] There is no such thing.

The critical editorial of Tulevaisuus immediately after the party meeting told very different things.

[Answer] Throughout the years and also at the present time my relations have been good with the leaders of the Agricultural Producers Association. I know that among the leaders there are different opinions about how the Center Party meeting should have handled its elections, but as an organization the Agricultural Producers Association refrained from taking a standpoint, which was the right thing to do.

[Question] You once said that the Center Party is not so poor that it would have to choose between Virolainen and Väyrynen. What made the Center Party poor in the course of a few years?

[Answer] There certainly would have been other alternatives even this time, but in the discussions these alternatives crystallized and in the end all the other alternatives were impossible.

[Question] In the June party meeting all the dominant individuals of the Center Party stood behind you. Do you think that you would have become elected without their help?

[Answer] All the important people were not behind me. Virolainen had support of the same level, both officially as well as under the surface. It is hard to say what the effect of this support was. Many people were of a different opinion simply because of the standpoint of these leading individuals.

[Question] How important do you consider it that it was said that president Kekkonen stood behind you?

[Answer] I do not think that it was appropriate that his name was mixed into this discussion.

[Question] His secretary General, Juhani Perttunen, did a lot of work for your benefit?

[Answer] His Secretary General is a member of the Center Party and he has the same influence as the other members.

[Question] May be still a little bit better?

[Answer] I do not believe that his influence is bigger than that of other people.

[Question] Does the K-line still exist?

[Answer] Yes, it does. It is lead by President Kekkonen and I hope that the Center Party supports it as unanimously as possible.

News and Sleeping.

[Question] Will the Advertisement Television get their own news?

[Answer] The citizens are not satisfied with the present TV-news. When our party meeting decided to give the Advertisement Television their own news for a trial period, it is the duty of the party leaders to act according to this decision. Thus the news of the Advertisement Television are coming.

[Question] What is your opinion of political appointments to office?

[Answer] I am against political appointments to office.

[Question] You have been accused of favoring your own people in the Ministry for Foreign Affairs?

[Answer] During the time that I have been the Minister of Foreign Affairs, a few appointments to office have been made that seem to me to be openly political. They have not been made because of my wishes, but due to the demands of other people.

[Question] Are you as the chairman of the Center Party intending to continue your old wisdom about thinking things through overnight?

[Answer] I have always tried to weigh things carefully. It seems wise to me to think things through as carefully as possible before doing or saying something.

9662

CSO: 3107

SKDL, STALINIST LEADERS DIFFER ON CAUSES OF SKDL'S LOSSES

Helsinki UUSI SUOMI in Finnish 10 Oct 80 p 10

[Article by Timo Lipponen: "Alamaki Criticizes SKDL: Stalinist Blackmail Directed at Opposition"]

[Text] The decline in support for the SKDL [Finnish People's Democratic League] indicated by opinion polls has got party leaders pointing accusing fingers in different directions:

"The SKDL should consider withdrawing from the government," is SEK [Finnish Communist Party] vice chairman Taisto Sinisalo's conclusion.

"Internal dissatisfaction in the party is a good reason [for the party] to evolve," is SKDL chief secretary Jorma Henttila's interpretation.

"The difficulties the socialist countries are encountering are apparent in our support," Labor Minister Arvo Aalto concludes.

A downward trend in support for the Communists is admitted, even though the election results themselves are considered to be more reliable than opinion polls. However, they do not want to ignore the message these many opinion polls constitute.

During the 1976 communal elections, the SKDL garnered 18.5 percent of the registered vote. The corresponding figure for the 1979 communal elections had dropped to 18 percent.

The latest opinion poll results, obtained in August and September, speak plainly on this point: The M-Tietokeskus showed 17.1 percent of those polled in favor of the SKDL and the poll ordered by the magazine APU yesterday, the Taloustutkimus Oy poll published in this newspaper yesterday, still showed 16.5 percent.

How is this explained in the SEK and the SKDL?

Sinisalo and the 64-Dollar Question

"Gallup polls must always be taken with a grain of salt, but they cannot be ignored. This kind of situation arises from those political problems caused by an attachment to government policy," Taisto Sinisalo said.

"It would be worth our while to withdraw from the government. The situation is getting to be a dangerous one because support for the Conservative Party is growing and this can be seen in the government too," he went on to say.

The Communist vice chairman maintains that for some time now a reevaluation of policy has been going on in party movement districts in local constituencies.

"Critical debate will just go on spreading," Sinisalo predicted.

"The 64-dollar question is: Why wasn't even the budget decisively presented?

"It is not just a matter of our ministers. We should have kept in mind the power of the masses," Sinisalo noted.

"'Stalinists' Are Not Leftists"

Not even from the beginning has SEDL chief secretary Jorma Hentila approved of Sinisalo's ideas of switching to the opposition.

When he talks about the "Stalinists," he uses the friendly term "comrade," but his political appraisal is harsh:

"Our comrades are not practicing leftist, but populist politics.

"If we were to demand that the foreign exchange value of the mark be to some extent raised, these comrades would peck away at the idea. It's nothing but courting people's favor."

In Hentila's opinion, "Stalinist" leaders have reached a point of no return. Going back now would mean political death.

Especially during the Sorsa and Koivisto administrations, the party's internal carping came to a head.

"This is the main reason for the decline in support for our party."

Jorma Hentila added that "we are an idealistic opposition movement" and that is hard to adapt to government policy. It would by no means be worth their while to join the opposition because then, according to Hentila, they would be giving up [participation in] the solving of current problems.

Effect of Afghanistan and Poland

Labor Minister Arvo Aalto did not want to give any major reason for the party's weak support. However, the first thing he mentioned was that, whenever the socialist countries have problems, it is noticeable here too. Afghanistan and Poland did not do them any good.

"Our role in the government is not an easy one. we do not play the role of an essential party in it. Thus it is emphasized that the SDP [Social Democratic Party] and the KESPU [Center Party] are responsible for every positive development," Aalto argued.

"Even though the country is experiencing an upswing, many people's situations are not improving. Relatively more of our supporters are to be found precisely among these people.

"So we are undergoing a state of decline in the government."

Nor did Aalto forget to mention the division within the party. "The 'Stalinists' have built a wall about themselves," as he put it. "We should not withdraw from the government; we ought to have a more persuasive influence on it in the future than we do at present."

11,466

CSO: 3107

ARMY TO INCREASE RESERVE STRENGTH BY 20,000

Helsinki HELSINGIN SANOMAT in Finnish 11 Oct 80 p 8

[Text] The Army plans to extend the term of reserve duty for reserve noncoms and regular administrative officers by an additional 10 years. At present, noncoms remain in the reserves up to the age of 50. In future, noncoms will not be transferred to the militia until they are 60 years of age. A bill proposing the change was submitted to Parliament on Friday.

This change will add nearly 20,000 men to the Finnish Army Reserve Corps. The Ministry of Defense says that at the present time there are about 17,000 reserve noncoms and about 2,000 administrative officers between the ages of 50 and 60. All told, there are about 1.1 million men in the reserves.

The change in reserve term is defended on the grounds that the upper age limit for reserve status has not been set for new administrative officers in the Armed Forces. In 1974 the Armed Forces switched to the so-called uniform officer corps system: cadre noncoms became administrative officers and they can now rise to the rank of captain.

Since officers already belong to the reserves up to the age of 60, the Army wants to set the same age limit for administrative officers. At the same time, the 60-year age limit will also be extended to affect recruits, reservists and draftees who hold noncom ranks. These changes will require changes in the draft law. The new regulations should go into effect by the end of the year.

After the law has been changed, those noncoms who, once they have reached the age of 50, have been transferred to Army files as draftees will be removed from them and returned to the reserve files.

The Armed Forces feel that raising the noncom reserve age limit is a sensible move since, for example, in the event of mobilization, old noncoms can be used in short-term troop organization chores and young men put to work immediately on more essential tasks.

Chevrons for Old Soldiers Too

The increase in the age limit furthermore offers energetic reserve noncoms an opportunity to rise in rank even after reaching the age of 50.

After the law has been changed, 50-year-olds will still be transferred into the Army militia only as privates.

There will also be a change in the draft law whereby the reserve training period for administrative officers will be 100 days, just as it is for officers.

11,466
CSO: 3107

NEW DEFENSE BUDGET WOULD INCREASE SOVIET ARMS BUYING

Helsinki HELSINGIN SANOMAT in Finnish 20 Sep 80 p 15

[Article: "Defense"]

[Text] Lasse Aikas (Center); Defense Minister;
2,911 million marks (+337 million); 5.2 percent

- New weapons to be imported from the USSR
- 75 pennies additional daily wages
- Antiaircraft defense to be strengthened
- Airplane for pulling targets
- Captains to become majors

The army will start a new procurement program next year. During a period of 5 years more than 700 million marks worth of "special materials" from the Soviet Union will be imported.

The previous "special materials" turned out, after a long period of secrecy, to be MiG 21-bis fighters and SA-3 missiles. The fleet of MiGs will have flown to Rissala by the end of the year, and a small number of missiles is defending Helsinki at Hyryla.

It was agreed in the agreement between Finland and the Soviet Union for exchange of goods in the years 1981-1985 that "machines and equipment to be agreed upon later between the two sides" would be imported in the amount of 700 million marks. This expression covers procurements by the defense forces.

The funds for basic procurement, though clearly reduced from this year's level, will still insure continued domestic production of the attack rifle.

Renovation Costs Growing

Expenses for renovation of equipment are growing noticeably. The increase is almost 200 million marks. Almost half a billion marks will be spent on procurements to bring to the army new anti-aircraft equipment as well as communication equipment and materials for military engineers ("pioneers").

Payment for Hawk fighters will continue. The first Hawks will be flying over Finland in October or November. The budget also contains money for acquiring an airplane for pulling targets and for mapping.

Daily Wages To Rise

The daily wage of recruits will rise in October of next year. For those who are serving 8 months the increase will be 75 pennies, and for those who are serving 11 months and for reservists the increase will be 1 mark. Those who live in other Scandinavian countries and are serving their military obligation in Finland will be given a leave at government expense.

Three thousand men will be called up for review exercises than during the present year. Promotion of young officers will require the creation of 20 positions at the level of major. At the same time a corresponding number of captains' positions will be eliminated. The final pay of a major at this time is 5,250 marks per month and of a captain 4,320 marks per month.

Swedish-speaking recruits will be remembered by having the most important directives translated into Swedish. Expenses for economic defense will rise by 357 percent. The increase arises from stockpiling of fuels.

9611

CSO: 3107

COALITION INFIGHTING RENEWED WITH BUDGET PRESENTATION

Helsinki HELSINGIN SANOMAT in Finnish 20 Sep 80 p 12

[Article: "National Budget 1981: The Government Will Have a Hard Time in Parliament"]

[Text] Internal Disputes May Spoil Cooperation

The government has some hard work ahead of it in seeing through Parliament the 55.9 billion mark budget proposal which was presented to Parliament on Friday. Representatives of all parties are agreed that the government's ability to remain in power will be severely tested, and cooperation within the government may break up.

Yet official statements in the government's press conference exuded confidence in the future. Prime Minister Mauno Koivisto (Social Democrat) felt that the internal mood of the government did not suffer during the budget negotiations, but rather improved.

More cautious than Koivisto was the chairman of the Center Party, Foreign Minister Paavo Vayrynen, who demanded that the left join with the center in the dispute over health center fees.

According to established practice, the budget can only be presented unanimously. If this does not happen, the basis for government cooperation will fall apart, Vayrynen threatened.

Health center fees are a question of principle between the center majority in the government and the left. The center groups are pushing for raising the fee to 10 marks, and the left is demanding complete elimination of the fee.

In the opinion of the Social Democrats and the Communists, Parliament has previously approved the principle that health center fees should be discontinued and that visits should be made free of charge.

The situation is made tense by the fact that the center groups can push through the increase through the bourgeois majority, but the left can vote to delay the effect of the law until after the next parliamentary elections.

Labor Minister Arvo Aalto (Communist) said that the SKDL [Finnish People's Democratic Union] would vote against the law and support delaying it till after the elections. Solution to the dispute rests with the Social Democrats and their parliamentary group, whom it was formerly difficult to get to go along with continuing half of the fee.

Problems With Decentralization as Well

Health center fees are just the beginning of disputes in Parliament over next year's budget. One of these disputes is about decentralization. The center majority in the government put into the budget a paragraph on decentralization opposed by the Social Democrats.

Social Democrat ministers Pirkko Tyolajarvi and Sinikka Luja-Penttila dictated a statement into the government record according to which the government should have waited for the results of the studies of the commission appointed before taking a stand on individual decentralization targets.

The government is proposing as a new item of decentralization the moving of the government seed-inspection station to Loimaa, the district represented by Agriculture Minister Taisto Tahkamaa (Center).

Defense Minister Lasse Aikas (Center) wanted to move the station to Somero, and the Social Democrat ministers wanted to move it to Kokemaki in the Tyolajarvi District.

Other subjects for dispute include: funds for cooperative development, veterans affairs, agricultural supports, changes in taxation of margarine, etc.

Parliament To Discuss the Budget Next Week

The 1981 budget and the bills connected with it will keep Parliament occupied during the fall session. The goal is that the budget should be ready before Christmas. Predicted differences of opinion may postpone preparation of the final budget until next year.

Preliminary debate on the budget will probably begin on Tuesday of next week. The exact date will be determined by the Speaker's council.

The Social Democrats will probably have the hardest attitude toward the budget of all the government parties. Also a year ago the Social Democrats complained about what the finance minister, from the Center Party, had produced. In the previous year the Centrists had likewise criticized the budget. Then the finance minister was a Social Democrat.

The members of Parliament will make several dozen speeches about the budget during the preliminary debate in deciding to send the budget to the finance committee for consideration. The same committee will also go over most of the bills connected with the budget.

"Idyllic Work"

Prime Minister Koivisto said in Friday's press conference that preparing the budget this year was more laborious than usual. According to the prime minister, the second budget of a government is always more difficult than the first, and it is also usual, according to him, that a government does not get to make a third budget.

In Koivisto's opinion it would not have hurt if the amount of 5.4 billion marks to be borrowed had been a little smaller. In spite of the difficulties, preparation of the budget proposal was still idyllic work compared to the present problems of other countries, Koivisto said, referring to events in Sweden and Denmark.

The prime minister thought that a year from now preparation of the budget will be even more difficult. It is reasonable to expect that we will not repeat all of our earlier mistakes, Koivisto said, and he hoped that the size of the budget, 55.9 billion marks, would not become larger in Parliament.

Social Democrats and Center Party Accuse One Another

The main parties in the government, Social Democratic and Center, have already started to accuse each other, in case the government should run into difficulty over the budget.

Center newspapers are hinting that Social Democratic chairman Kalevi Sorsa wants to overthrow the Koivisto government because of presidential politics. Also Parliamentary Party leader Matti Ahde has been suspected by the papers of the same intentions.

The Social Democrats for their part see as one "stump" in the government the fact that Johannes Virolainen (Center) is sitting as Speaker of Parliament, and from there he can get visibly involved in politics.

If the government were to dissolve and a centrist minority government were to come into power, a Social Democrat would have to become speaker, in which case Virolainen would become just an ordinary member [of Parliament]. The Social Democrats suspect this is the Center Party's tactic.

A Basis for a Decision on Incomes

Finance Minister Ahti Pekkala emphasized on Friday that the main goal of the budget is to control inflation. According to Pekkala, a rational basis, looking far into the future, for a decision on incomes has been created in the budget.

Pekkala considered the amount to be borrowed next year rather large, and stressed that Parliament has no room to increase it. Borrowing at the present rate is well under control in Pekkala's opinion.

Pirkko Työläjärvi, second finance minister, doubted that the agricultural production ceilings could be maintained.

The ceilings in her opinion are destined to stand or fall in accordance with political harmony and mutual understanding. Pressure against the ceiling structure will also be created by rationalization of agriculture, said Tyolajarvi.

Tyolajarvi felt a lack of the same kind of understanding in agriculture policy for small and middle-sized farms that the large and medium-large enterprises now receive.

A key question in this also is the attitude toward these farms of MTK, the Central Union of Agricultural Producers.

Labor Minister Aalto would have wished to eliminate the tax relief for industry in years of recession. In this way, according to Aalto, the pressures for increasing taxes in the future would be removed.

By discontinuing that relief, in Aalto's opinion, the amount to be borrowed would be decreased and more money available for family policy.

Vayrynen Gives Thanks for Agricultural Funds

Foreign Minister Vayrynen said that the Center Party, which he leads, is satisfied with the budget's funds for agriculture. Vayrynen urged decisions on beginning of preparations for a new agriculture law.

Vayrynen thought the amount of 580 million marks for the agricultural development fund was reasonable. At the same time he demanded that the real value of the money in the funds be raised to the level recommended by the committee on agricultural construction policy.

The foreign minister hoped that funds for cooperative development would be increased in Parliament, and he complained that the pay of the Foreign Ministry staff has fallen behind.

Vayrynen hoped that the Foreign Ministry would only have to pay for those foreign trips that belong to the activities of the Foreign Ministry. Here he referred to the world tour of the parliamentary wage committee, whose expenses, rising to 100,000 marks, had to be paid by the Foreign Ministry.

Justice Minister Christoffer Taxell praised especially the decision to nationalize the Abo Turkul Academy. In this way continuing academic education in the Swedish language can be guaranteed, in his opinion.

Planning money for a coastline television channel represents in Taxell's opinion another step towards realization of the channel.

9611

CSO: 3107

NEW FOREIGN AID BUDGET PROVIDES FOR 34-PERCENT INCREASE

Helsinki HELSINGIN SANOMAT in Finnish 20 Sep 80 p 14

[Article: "Foreign Affairs"]

[Text] Paavo Vayrynen (Center); Foreign Minister
890 million marks (+205 million); 1.6 percent

- Development aid 34 percent more
- Help to be tied to Finland
- Egypt a new target country
- Mission organizations receive money
- Navy barracks refurbished

The lion's share of Foreign Ministry expenses is eaten up by development aid, for which 545 million marks will be spent next year. There promises to be a big fight about this money in Parliament, for many politicians have already criticized the increase of 150 million marks in aid as too small.

The government is still far from its goal for the end of the 1980's, which is 0.7 percent of the gross national product. Staying at that rate would have required 600 million marks in development aid.

Development aid is directed mainly along two routes: Through UN organizations and international banks or directly to the poor countries. An amount of 242 million marks will go through organizations and banks next year.

On bilateral aid, 230 million marks will be spent, and that includes joint Scandinavian assistance. The budget, as in previous years, assumes that direct aid will be tied to Finnish experts and enterprises. In that way it also benefits the donor.

Tanzania Gets Most Aid

The target countries for Finnish bilateral development aid have remained about the same. Most of the money will be received by Tanzania (44 million marks, Zambia (29 million) and Vietnam (29 million).

Aid to Tanzania has grown by 5 million marks this year and to Zambia by 4 million marks. On the other hand aid to Vietnam, which has attacked Cambodia, has grown by only 1 million marks.

Totally new target countries approved for addition to the list are Egypt (11 million marks), Kenya (16 million), and Sri Lanka (13 million).

The government also gives money to national liberation movements. This aid will be increased by 500,000 marks, and freedom organizations will receive 1.5 million marks.

The government will also remember southern Africa, particularly Namibia, to which 1.7 million marks will be paid by various means. Money will also be received by some civic organizations and missions, whose aid has been more than doubled to 4.4 million marks.

The Foreign Ministry is preparing its move to the navy barracks at Katajanokka, the furnishing of which is planned to cost 250,000 marks. The most important new offices in the ministry include the foreign affairs counselor in the political section, for which it is planned to establish a reporting, research, and planning office.

The commercial policy section will receive an embassy counselor, and the ministry will also receive its own legislative counselor.

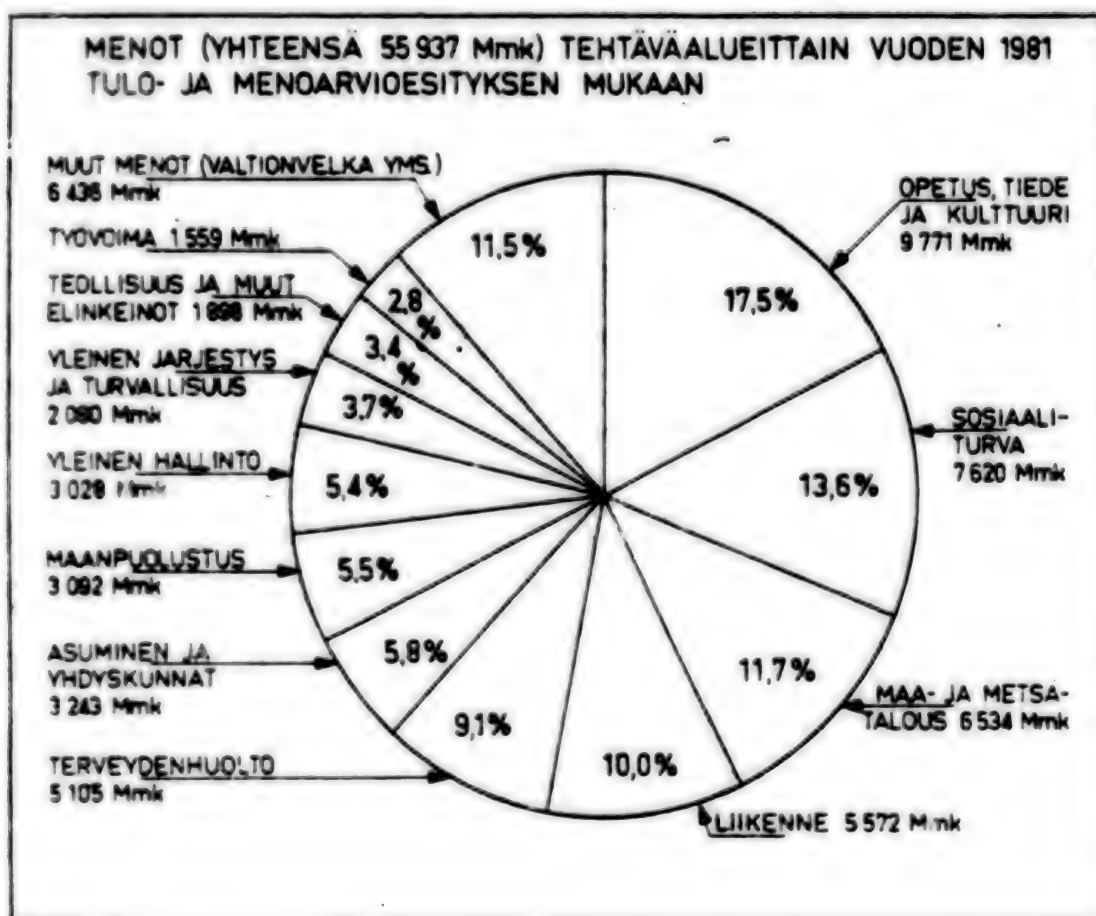
The Foreign Ministry will commission the writing of its own history at a cost of 60,000 marks. New embassies will be built at a cost of 11 million marks in New Delhi, Budapest, Riyadh, and Tokyo.

9611
CSO: 3107

PIE CHART, BUDGET FIGURES SHOWN

Helsinki UUSI SUOMI in Finnish 12 Sep 80 p 17

[Text] Expenses



Total expenses (altogether 55,937 million marks) by area according to the 1981 income and expense estimate.

		(Percent)
Operating costs including wages and pensions, highway maintenance, and procurement of military equipment	15,498 million marks	27.7
Transfer funds including state assistance to munici- pality, industry, agriculture, and households	30,220 million marks	54.0
Investment funds including state construction projects, equipment purchases, and housing loans	6,811 million marks	12.2
Other expenses including interest on the national debt	3,409 million marks	6.1
Total	55,937 million marks	
Income		
Income and property taxes	15,570 million marks	27.8
Value-added taxes	10,446 million marks	18.7
Taxes and payments based on sales	14,325 million marks	25.6
Other taxes and tax-like income	5,313 million marks	9.5
Other income	4,883 million marks	8.7
State borrowing	5,400 million marks	9.7
Total	55,937 million marks	

9611

CSO: 3107

OIL IMPORT BILL DOUBLES FOR SECOND YEAR IN ROW

Helsinki HELSINGIN SANOMAT in Finnish 12 Oct 80 p 40

[Article by Kari Kiuru]

[Text] Porvoo (HS)—This year, Finland's oil bill will rise to over 13 billion marks. Four-fifths of the value of the oil imported into Finland is accounted for by crude oil and one-fifth by refined oil products from the Soviet Union.

Oil price hikes that went into effect last year and this year have quickly raised the total figure on Finland's oil bill. Two years ago, Finland paid half what it now pays for the oil it imports.

Finland's oil bill has risen simultaneously with the heating up of the international markets. More recently, this heating up has been caused by the war between Iraq and Iran, but the basic reason for it was last year's cold winter throughout all of Europe.

The fact that a lot of oil was burned in Europe last winter was first reflected in spot or sporadic crude-oil freight prices. At times, spot prices were twice as high as those of crude-oil shipments sold under the terms of OPEC-country long-term agreements.

Price Fluctuation Stepped Up

The sharp rise in spot prices also dragged along with it crude-oil producers, who strove to raise their prices to the same level as that of the oil speculators. Then OPEC-country price hikes upped spot quotations and price fluctuation was set in motion.

We now pay 10 times more for crude oil than at the start of the 1970's. Before the oil crisis began, in August 1973, the price of oil had been constantly declining, even if we take no note of inflation.

In August 1974, crude-oil spot prices rose from \$3 to \$5 a barrel (159 liters). By the end of that year, the official price of oil had quadrupled, thus corresponding to the high spot-market level.

Since then, predicting the price of oil has proven to be a rather thankless activity for experts in that field. For example, after the oil crisis Neste predicted

that the price level would rise to from \$5 to \$7 a barrel by the end of the 1970's, whereas now, at the start of the 1980's, prices are already over \$10. They are now already asking for \$30 a barrel for the cheapest crude-oil shipments.

Predictions Into Waste-Paper Basket

At the end of the 1960's, predictions were even more mistaken. It was then expected that the price of oil would drop to a dollar a barrel due to oversupply.

By the end of the 1970's, however, the price of crude oil realistically declined. After the oil crisis, conservation measures reduced oil consumption. And when consumption rose again, the additional supply was obtained primarily from non-OPEC countries.

OPEC-country oil production has remained at about 30 million barrels a day during almost the entire past decade. Inflation and the exchange rate of the dollar work to defeat the OPEC countries, particularly in countries with a strong hard currency. For example, in Japan and the FRG, even as recently as the end of last year, oil could be bought at from 30 to 40 percent less than the 1974 price level.

Iran Accelerates Price Hikes

The crisis that began in Iran last year has, however, led to the same sort of development that existed at the time of the oil crisis. Until Iran's Islamic revolution, the spot price of oil did not deviate at all from the official price. When production was reduced and more oil than usual was needed because of the cold winter, spot prices rose to a peak of over \$40 a barrel.

This year, however, spot prices have again dropped. This summer, spot prices again dropped to close to official prices but, since the war between Iran and Iraq broke out, they have begun to rise to closer to \$35 than to \$30.

The evolution of oil prices is still rather uncertain. This month, the OPEC countries decided to postpone the oil ministers conference which was to have been held the 14th of this month in London or Geneva. At the same time, they also postponed the planned OPEC 20th anniversary celebration until November. This get-together in Baghdad was intended to serve as a show of strength and unity.

It now seems that it is hard for the OPEC countries to reach agreement on the uniform price system which was smashed at the end of last year. Production fluctuates as a result of both international crises and the countries' different attitudes toward production.

The OPEC countries have tried to get rid of fluctuation caused by the exchange rate of the dollar. One possibility that has been proposed would be to replace the dollar with a hard currency basket or index system, in which case the price of oil would be raised quarterly.

Before putting into effect an oil price mechanism, however, the OPEC countries ought to reach unanimous agreement on production volume and structure. For some time now, this has proven to be an insuperable objective for OPEC member-nations. Furthermore, the OPEC countries produce only half of the world's oil.

Over the past few years, however, the OPEC countries have more clearly exhibited a united front in terms of a decline in the multinational companies' share of the oil trade. In the mid-1970's, the multinational companies' share of OPEC oil markets dropped from 70 to 45 percent.

The OPEC countries' long-range objective has been to get the price of oil closer to those of alternative energy sources. At the current rate of price increases, that objective is no longer necessarily a question of any great length of time.

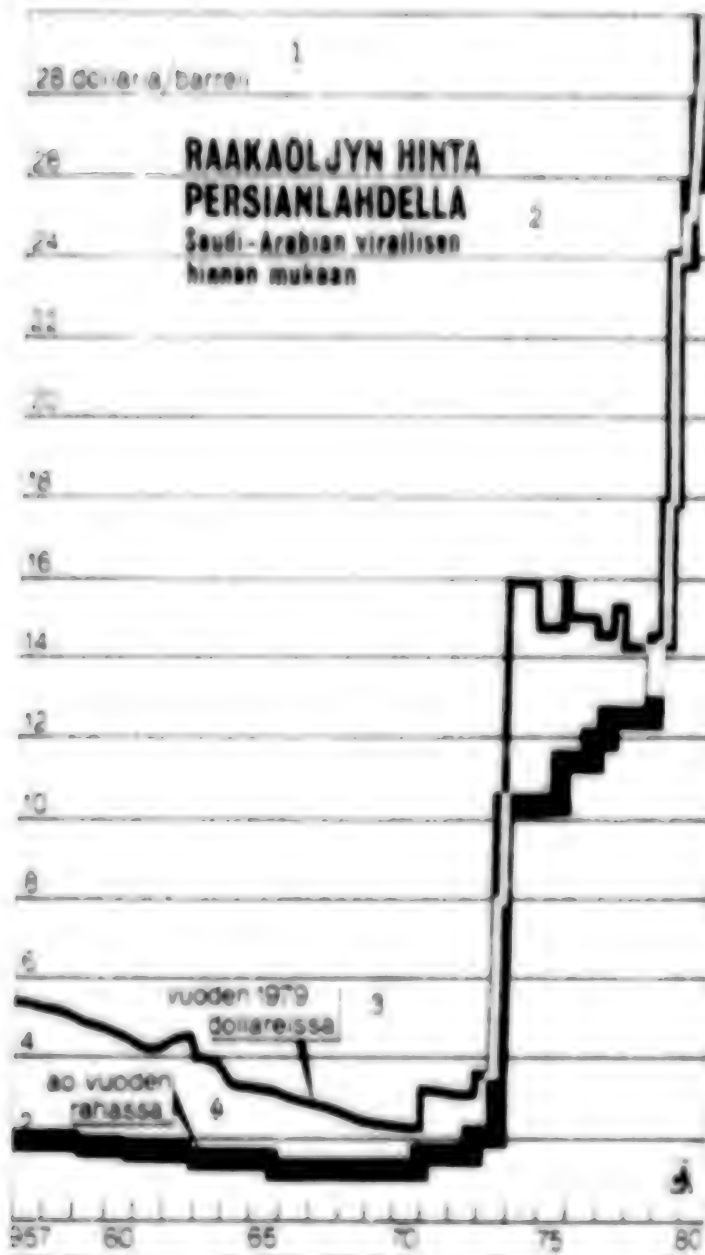
North Sea Oil Is Expensive

The cost of producing Arab-country oil that has to be pumped is still almost nil in comparison with the final price. In the old oilfields, oil is obtained from the ground for from \$1 to \$5 a barrel. However, North Sea and Alaskan oil already costs \$20 a barrel.

In terms of production costs, there is no longer any very big difference between North Sea oil and the utilization of asphalt and shale, since the cost of refining them into oil is estimated at \$25 a barrel. Then too, the world's usable, existing oil reserves would be doubled, but the exploitation of unusual oil reserves is barely in its infancy.

The rapid rise in the price of oil has in particular directly profited the Arab countries, whose wealth can be cheaply exploited. It is estimated that OPEC-country export revenues have doubled this year, amounting to \$300 billion. For example, after the oil crisis the OPEC countries had an export surplus of \$60 billion, but the drop in the real price reduced the surplus to \$20 billion as quickly as the year before last.

This year's decline in OPEC export revenues has been described as the biggest fluctuation in the peacetime history of economic relations among nations.



Key:

1. Dollars per barrel.
2. Price of Persian Gulf crude oil according to official Saudi Arabian price.
3. In 1979 dollars.
4. In dollars of the years given below.

11,466
CBO: 3107

BRIEFS

OPPOSITION TO EGYPT AID—On Thursday, Labor Minister Arvo Aalto (Communist) accused Foreign Affairs Minister Paavo Vayrynen (Center Party) of lying on television. According to Aalto, Vayrynen's announcement that the government had unanimously approved the Egyptian-Finnish development aid program is not true. The government has approved one of the main parts of the Egyptian-Finnish development aid program in the budget proposal, which grants Egypt 11 million marks next year. Vayrynen appeared on television's Studio A on Wednesday, among other reasons, to reply to UN League chairman Raimo Vayrynen's (Social Democrat) criticism of the choice of Egypt. On Thursday, Aalto said that SKDL [Finnish People's Democratic League] ministers oppose the choice of Egypt as an object of development aid under any circumstances. According to Aalto, SKDL ministers have reacted negatively to the minister of foreign affairs' "change in the development aid policy achieved through cooperation to the commercial advantage of our country." According to Aalto, the SKDL has proposed that we stick to the principles unanimously approved before and choose our objects of development aid accordingly. Aalto noted that the government is just now considering toward which countries Finnish development aid should be directed. We cannot avoid having the impression that the government majority is ready to routinely approve the negative change that has been effected. Aalto proposed that Angola and Guinea-Bissau be chosen to receive Finnish development aid. He said that, instead [of such countries], countries that are pawns in the reactionary American strategy have been the object of aid. [Text] [Helsinki HELSINKI ANOMAT in Finnish 10 Oct 80 p 14] 11466

CSO: 3107

SENATE ELECTIONS INCREASE DISCORD BETWEEN PC, PS

Paris LE FIGARO in French 3 Oct 80 p 9

[Article by Jacques Fleury: "The PS' Double Objective: Beat Giscard and the PC"]

[Text] "Crime does not pay." In a vengeful editorial, L'UNITÉ, the Socialist Party weekly, vehemently denounces the "communist betrayal" which, last Sunday, deprived the Left of some Senate seats. These senatorial elections lost despite a joining of forces very favorable to the candidates of the "Union of the Left" marked a new stage in the deterioration of relations between the PS and the PC. Above all, the lost elections give the PS the change to see the future from a different angle. Unity and the possibility of forming a socialist-communist government remains the goal pursued, but long-term. In the immediate future, the most pressing item must be dealt with. That is, to prove in 1981 that the Socialist Party surpasses, by far, the Communist Party. A question of survival, which modifies the analyses of the strategists close to François Mitterrand.

For this deterioration of PC-PS relations is favorable to Michel Rocard. Blocked on the left by the intransigence of a Communist Party which does not intend to play second fiddle, the Socialist Party is constrained to agree with itself. To make eyes at the voters of the center, towards those 10 percent of citizens with uncertain political ideas who oscillate between majority and opposition and who make their decisions on election day. To carry off this enterprise of seduction, Michel Rocard has the desired profile. A man of the Left whose languages is judged as rightist by his peers in the Socialist Party, a working economist whose analyses alarm no one in the establishment, he appears to be the man who will best allow the PS to clear the hurdle of the presidential elections.

Jean Popperen yesterday gave an example of this evolution of analyses in the heart of the Socialist Party. Deputy from the Rhone, national secretary in charge of elections, he is one of those loyal to François Mitterrand. A former communist militant, founder of the PSU (Unified Socialist Party), he was introducing his latest work, "1981: To Change Governments." A very qualified observer of the leftist forces, he realizes that unity is not possible in the short term. There are not even any "possible objectives of agreement" on very precise points with the PC. Without mentioning names, he has always shown himself hostile to the candidacy of the Deputy from

Yvelines. He states only, but it is a sign, that the PS must convince the electorate in general and all those who desire change in particular (the RPR could even rally if it espoused socialist ideas). "A solution for change can only be organized around the Socialist Party whose senatorial elections showed how deeply rooted it is at the local level."

Cutting Europe Loose from NATO

But, if the PS can no longer believe in a leftist alliance to oppose the president of the Republic, it questions itself above all on the evolution of the Communist Party. Is it marking the cards by playing at destabilizing Europe for the benefit of the USSR? That is the essential question that Jean Poperen asks.

"The alignment of forces in the world has changed in favor of the USSR," he explains. "Its principal objective is now Western Europe. Everything which cooperates in separating Europe from the U.S. on the one hand, and on the other hand to prevent that from happening, is good." For Jean Poperen everything is happening as if the PC were aiming at a sort of "Finlandization" of Europe. First of all to cut it loose from NATO and from the American atomic umbrella in order to, in the second place, make a "protectorate" of it.

Never, until now, has a socialist leader insisted upon the necessity of maintaining France in the Atlantic alliance. "We want to broaden our liberties. But we do not want the other side to confiscate them from us."

Jean Poperen is convinced, he asserts, that Georges Marchais and the leaders of the PC will be constrained, one day soon, to change course. Because they will have "created a situation such that they will not be able to escape public pressure."

Meanwhile, something must be done about the "communist havoc." By storing up a maximum of votes next April during the first round of the presidential election to make the PC yield. Even if those votes come from voters who do not necessarily believe in the socialist theories. The main thing is to convince, thus to have a candidate capable of bringing together diverse people ranging from left of the PS to the centrists, and having politically only one point in common: discontent.

9508
CSO: 3100

DISARMAMENT: MARCHAIS ADVOCATES COMPLIANCE WITH UN

Paris L'HUMANITE in French 10 Oct 80 p 3

[Text] In connection with World Disarmament Week George Marchais made the following statement yesterday.

9 October 1980;

"As decided upon in the special session of the UN in 1978, World Disarmament Week will begin on 24 October. The final document of the session, which concerns France, urges an increase in public awareness, improvement of dissemination of information on the arms race, and stress on efforts agreed upon to stop it and to reverse its course.

"This year the UN initiative takes on particular importance given that recent NATO decisions on the installation of new American missiles in Europe indicate an intention to increase the arms race, especially in Europe, and given that the French Government has announced its intention of perfecting the sinister neutron bomb--the first in the world.

"World Disarmament Week comes a few days before the opening in Madrid of the meeting of the 35 countries which signed the final statement of the Helsinki accords.

"The French and their elected representatives have the right to be fully informed of the intentions of the French Government and of the propositions which, speaking for itself, it ought to support for the success of this important meeting, for the implementation of all provisions of the final statement by all the countries, for the adoption of new measures of confidence in the military plan, and for convening a European conference on disarmament.

"Furthermore, important discussions are to take place in a few days, based on proposals made this summer by the Soviet Government--about which the French Government like others was informed--for an immediate opening of talks on all medium-range missiles and treating all aspects of the problem.

"The questions of disarmament, vital to our people as they are to the whole of humanity, are thus more than ever pertinent.

"Under these circumstances, I feel that it is the government's duty to put into effect the decisions of the UN special session which require in particular: 'development and dissemination of printed and audiovisual information focusing on the dangers which the arms race represents as well as agreed upon efforts in the area of disarmament and negotiations on specific measures for disarmament.'

"I would therefore like to make three specific proposals in this area for this week:

"First, putting the problems of disarmament on the agenda of the National Assembly to allow a debate on this question--which could begin with a government statement--to take place during this current session, preferably during the week of 24 to 31 October.

"Second, broadcasts and debates on national television and radio stations, to which organizations dedicated to the fight for disarmament--like the French Peace Movement--ought to be invited.

"Third, the recommendation that teachers devote 1 hour of their instruction during this period, in whatever form they feel is most suitable, to increasing the students' awareness of this problem.

"I am informing the Communist delegation to the National Assembly of these recommendations and asking them to relay them to the prime minister and to keep me informed of what comes of this move."

8693

CSO: 3100

NEW MILITARY MOBILIZATION SYSTEM EXPLAINED

Paris TAM in French 25 Sep 80 p 4

[Article by Serge Martin: "Melusine"]

[Text] Since 1872, reserve forces have played an important role in national defense. In the last two world wars, they supplied most of the men and officers of the French Armed Forces. Today, rather than concentrating on numbers, it is above all important to emphasize the quality of the men turned out. Since the formations must be immediately operational, they must have excellent cohesion and be well-trained. The new mobilization plan responds to this need because of the place it gives to diversion.

Mobilization on a Human Scale

Every regular regiment must henceforth prepare, train and mobilize a diverted division regiment within its own garrison. This technique, related to that of pairing without being totally like it, helps to bring active and reserve forces closely together. It increases the cohesion of the mobilized formation. It is therefore a matter of breaking with the purely administrative nature of the mobilization and attain the level of human relations.

Within this context, the 3d Infantry Division has called up some 2,600 reservists, as other divisions do every 5 years. From the Midi-Pyrenees, Aquitaine, Poitou-Charente and Limousin regions, the men have for the most part completed their military service in the 2d Airborne Division. Nevertheless, only the officers truly know one another. Actually, in the course of previous call-ups, the command teams of the 3d Infantry Division, officers and noncommissioned officers already met. They therefore proceeded to work out programs, verify the aptitudes of the specialists and set up command means. In contrast, the rank-and-file reservists, most of whom are from the 1977 class, have had to get used to military life once again and brush up their knowledge in order to carry out final maneuvers successfully.

Melusine

The first 2 days devoted to the issuance of equipment and training rapidly put everyone "back in the swim," as the results of the 106 canon practice by reservists in the 10th Hussars shows. Furthermore, it did not take long for the soldiers in

the 161st Engineers to reacquaint themselves with crossing techniques. In short, the 3d Infantry Division was ready for combat in 48 hours.

Called "Melusine," the exercise was to be divided into two clearly distinct sub-exercises. The first, named "Caylus" and supervised by General Lagarde, accompanied by numerous officials, had as its scene the departments of Tarn and Tarn-et-Garonne. The maneuver was planned around two spectacular sequences: the crossing of the Aveyron and the retaking of the terrain from which Camp Caylus would be stormed. The second maneuver, called "Adour," was set in the departments of Gers and Hautes-Pyrenees. The two remaining regiments of the 3d Infantry Division were to seek out and destroy infiltrated commandos. In both cases, the different actions were successfully completed, thereby auguring well for an effective mobilization system.

3d Infantry Division

The 3d Diverted Division of the 2d Airborne Division includes the following:
General commanding the 3d Infantry Division: Gen Pierre de Tonquedec. Second-in-command: Col Pierre Capelle. Chief of staff: Col Gilbert Mongelous. 3d Command and Support Regiment: Lt Col Pierre Sempe (diverted from the 14th Airborne Command and Support Regiment - Toulouse). 83d Infantry Regiment: Col Pierre Malaterre (diverted from the 9th Airborne Infantry Regiment - Toulouse). 34th Infantry Regiment: Col Jean Lafenetre (diverted from the 6th Airborne Marine Regiment - Mont-de-Marsan). 18th Infantry Regiment: Lt Col Claude Chicher (diverted from the 1st Airborne Infantry Regiment - Pau). 10th Hussars Regiment: Lt Col Dopagne (diverted from the 1st Airborne Hussars Regiment - Tarbes). 161st Engineers: Capt Robert Goux (diverted from the 17th Airborne Engineers Regiment - Montauban).

11,464

CSO: 3100

GIRAUD SPEECH SUGGESTS NEW COMPUTER RELATIONSHIPS

Paris ZERK-UN HEBO in French 22 Sep 80 p 9

[Speech by Andre Girard, Minister of Industry: "Towards New Information Industries"]

[Text] The topic chosen by the organizers of this convention had something surprising: "Information Processing Technology and Information". Can information processing be something other than one of the techniques for handling this information from which it takes its name? In reality, developments in information processing technology undertaken to date are accomplished within a limited field of information, application by application. The expansion of horizons promised by the emerging telemetry justified focusing upon the relationship between information processing technology and information. Andre Girard introduced the government's positions on this basic subject. We have produced here a few extracts from his talk. The subtitles are from "01-HEBO".

To tackle the topic of information in the age of information technology requires a high purpose and an optimistic outlook. A high purpose is required because what is at stake is to prevent a man, just when the patrimony of knowledge and information is increasing at a staggering rate, from becoming lost in a field too large for him - a field of information at one and the same time, undifferentiated, insignificant, and strange to its user who might be reminded of the "Bibliotheque de Babel" [The Library of Babel] conceived by Jose Luis Borges.

An optimistic outlook is required because from examples known to us or techniques about whose usages we have some vague notion, it is possible to discover and to develop the potential for mutual enrichment and for new applications that information technology provides us; and that is also possible among men who are specialists in areas apparently the farthest afield from knowledge as among the farthest reaches of the world.

By increasing the speed of exchange, the availability of information, the quality of decisions, information technology will have a tremendous impact upon the effectiveness of all human activity.

No Barrier

Information technology will be a decisive factor in economic competition. But that is not all, it will also respond to an evolution in needs and demands. Finally, it will participate in the transformation and improvement of the industrial world.

So in a free and open country like France, there is no barrier that might stop the appearance of a more advanced way of life and there will be no protectionism to prevent the progress of others.

Faced with the great thirst for information that will mark the future, and if we do not want to see the "transborder dataflow" system fall short, that is to say, if we want to avoid intellectual subservience, we must act quickly - that is absolutely necessary. We are not only playing a game in which the economic stakes are considerable, we are also concerned with France's ability to preserve its cultural identity by bringing itself up to date, and its ability to make its cultural and intellectual contribution to the world.

I shall start off by reflecting upon a technological revolution of the past that may, I think, make it clearer for us - the invention of the telegraph. This invention led to the creation of large press agencies set up by a cooperative association of daily newspapers eager to use, at a lesser cost, the new way to communicate provided by the telegraph.

Creative Initiative

Technological progress thus gave rise to a new structure - the information agency - an invention that went far beyond the simple technological invention of the telegraph.

In the same manner future revolutions in the handling of information will rely on technological actions; however, they will rely even more on the actions of the new organizations and on the creative initiative of users. It appears that telemetry must lead to the invention of new forms in the information systems industry.

Soon statisticians are going to be obliged to create a branch called "information systems for the home and the office". We can predict a dramatic expansion in this future branch because of improvements brought about by information technology and by the lowering of production and distributions costs.

Vast possibilities and large markets will open up for businesses that collect and analyze information, thanks to the appearance of new systems. The press is in a particularly favorable position to make a fine place for itself by capitalizing, for example, upon their information holdings contained in data banks.

Government authorities are ready to support the development of software and documentary equipment that might subtend similar innovations in France so as to initiate the computerization of information.

Controlling Distribution

By exploiting all these new possibilities, we come against a large number of problems. Some problems are of a practical nature: How is the cost of information processing determined? How will advertising find a place in these systems? How is the distribution of information to be controlled? Where will we become aware of "hitches" if one may say so? How will the information systems interconnect with other functions performed by telemetric systems?

Other problems are of a legal nature. We must change our traditional rules and regulations; we must safeguard the majority; we must take into account many contradictory objectives: free access to information, protection of an individual's private life, protection of the originator's individual rights, protection of the programs and of the software, reconciliation of an author's rights with data banks, enactment of a law governing the investing of capital in information processing systems.

The role of the government is to ensure the freedom of access and the impartiality of the systems. It must be the promoter, the supporter of pluralism.

This point has an important corollary: the government conveyors of information processing systems do not allow any editorial activity other than that required by the needs of the service, such as a directory.

The day will come which perhaps is not far off when it will be technically possible for a citizen to make a direct enquiry on questions that arise. That is a fact of extreme seriousness, for it will touch upon the very bases of democratic institutions, and it is conceivable that mastery of questions asked, response time, and enquiry systems may become an essential element in the balance of powers.

9766

CSO: 3100

BRIEFS

MISSILE LAUNCHER TO INDIAN OCEAN--France has decided to send the "Suffren," a missile-launching frigate, to the Indian Ocean to strengthen the combat and support fleet permanently stationed there. With a displacement of over 6,000 tons when fully loaded, this modern vessel, in service since 1967, mainly carries Masurca surface-to-air missiles, Malafon antisubmarine weapons and Exocet sea-to-sea missiles. The departure of the "Suffren" from Toulon for the Indian Ocean had long been planned so that it might replace the "Galissonniere," which has been in the area for several months. However, events in the Near East forced authorities to move up the departure of the "Suffren" to relieve the "Galissonniere." Actually, under normal conditions, ships replacing one another cross en route. France's naval force in the Indian Ocean will therefore be maintained at its current level without the slightest loss -- even lasting moments -- of possible fire power. The "Suffren" will join the "Bouvet," the missile-launching escort vessel which France has already sent to reinforce the fleet in the Indian Ocean. In addition to these vessels, France maintains a fleet in the area constantly, with four corvettes ("Commandant-Bourdeais," "Victor-Schoelcher," "Commandant-Riviere" and "Doudart-de-Lagree"), one repair ship ("Jules Verne"), one tanker ("La Charente"), one transport vessel ("Champlain"), three patrol boats ("L'Epee," "Altair" and "Etoile-Polaire"), and two landing craft. In principle, by the end of October, the corvette "Amiral-Charnier," which has just undergone repair at Lorient, will also leave from Toulon for the Indian Ocean to replace one of the four corvettes currently there. [Text] [Paris LE MONDE in French 14 Oct 80 p 4] 11,464

CSO: 3100

GENERAL SECRETARY OF TOBACCO EXPORTERS FEDERATION INTERVIEWED

Athens BUSINESS & FINANCE in English 11 Oct 80 pp 16, 17

[Interview with Vassilis Thasitis, date and place unknown, by "Business & Finance"]

[Text] In order to assess the present condition of the production, manufacturing and marketing of the Greek tobacco industry, "Business & Finance" conducted an interview with Mr. Vassilis Thasitis, the General Secretary of the Federation of Greek Tobacco Exporters, and an expert on tobacco matters. During the interview which follows, we discussed problems concerning tobacco production and stocks, as well as more general problems faced by the tobacco manufacturers.

B&F: What is the present tobacco situation in Greece during this final stage of negotiations with the European Community?

Thasitis: Just a few months before Greece's accession to the EC, the supply of produced exportable tobacco as well as tobacco determined for domestic consumption appears to be facing major problems.

With the 1978 and 1979 crops reaching 160,000 tons of exportable Oriental tobaccos and 30,000 tons of tobacco for domestic consumption, the National Tobacco Board was obliged to concentrate 43,000 tons of exportable tobacco and 25,000 tons of tobacco for domestic consumption, on behalf of the State. This means that in the first case, about 28% of the production was concentrated and 30% in the second case. About 6,300 million drs. were allowed for the concentration of exportable tobacco and 3,800 million drs. for the concentration of tobacco for domestic consumption.

The cost of concentration increases further when one considers the high expenditures for processing and long-term storage and conservation, the large deficits resulting from managing these tobaccos as well as the pressures exerted on the prices and the supply of each current crop in general, by the formation of stocks.

B&F: What do you think is the cause of this disturbance?

Thasitis: The causes of the disturbance created between the supply and demand of Greek oriental tobaccos are well-known. The irrational production structure, the continuation of the production in regions of varieties that have no destination other than the state concentration, the continuing lowering in quality due to defective cultivation, and the continuous rise in costs, are the situations causing the disturbance. It is a fact that although for domestic consumption the needs of the Greek tobacco industry for tobacco of the above category do not exceed 6-8,000 tons, production is steadily maintained at 25-26,000 tons. Moreover, in some

regions where secondary exportable neutral tobaccos are produced, the degree of deficiency of production, i.e. the proportion of state concentrations to production ranges steadily between 70 and 100%.

Furthermore, our production situation coincides with the excess supply of Oriental tobaccos to the international market, the stagnation of consumption in the developed countries which Oriental tobacco are mainly destined for, the progress of BLENDKIG cigarettes and technology, in general, which limits the needs of tobacco industries for Oriental tobaccos and facilitates their substitution by cheap Asiatic tobaccos, Virginia tobaccos, the Turkish dumping and others.

B&F: What is the real volume of stocks?

Thasitis: As a result of developments, Greece today has 110,000 tons of stocks from the 1979 crop and before. These are offered, depending on the variety and crop, at 15-40% of their real cost but buyers cannot be found. This is because as supply increases the foreign buyers become more cautious in their purchasing.

Even though the problem of stocks is directly related to the problem of the irrational structure of production, it ranks second in the list of problems Greek tobacco faces today, and cannot be solved without serious and distressing sacrifices which could have adverse effects on the functioning of the market. Those sacrifices involve the high cost of the social policy followed by the government for the support of the Greek tobacco producers. The important thing is that when stocks are being supplied this cost must not affect the functioning of the market or the current crops otherwise things become very complicated.

Moreover, the irrational structure of production as well as the problem of stocks unavoidably overshadow the negotiations between Greece and the EC. There is an immediate danger that they might seriously affect the terms of accession and the linking of the Greek tobacco industry with the Community's tobacco industry.

B&F: Now, therefore, can this situation be faced?

Thasitis: In the field of production, the necessary programmes for restructuring have to be made in a thorough, serious and responsible manner so that the Community will be able to participate in their financing.

As far as stocks are concerned, their volume must no longer include lower quality tobaccos. Those suitable for marketing must be supplied within a plausible time period on a basis of tenders for sales in lots so that the market is not disturbed. Stocks must also be related to supplies of capital goods but only when the latter are not to be re-exported, as is the practise in some Oriental countries.

Finally, in order to stop the renewal of state stocks, the lower quality tobaccos of the 1979 crop concentrated by the Tobacco Board must be destroyed in the villages. The rest must be supplied for sale before any costly processing. The same has to be done for the 1980 crop.

The policy concerning stocks must take care of the private ones and appropriate measures have to be taken for the promotion of their exports. These exports might be extremely difficult, if not impossible, after the unrestricted supplies of state stocks and the favourable price adjustments we will try to achieve for the crops after the accession.

B&F: Could you please talk about the problems that Greek tobacco manufacturing faces today?

Thasitis: Apart from the above mentioned problems of primary production and marketing of tobacco there are other serious problems also facing the Greek tobacco manufacturers.

The obligatory allotments of tobaccos for domestic consumption have greatly increased stocks of Greek tobacco. These stocks can satisfy domestic needs for two years (international tobacco manufacturers regularly reserve tobacco for 12 months). In reality, however, they can satisfy needs of three or four years.

The solution of this constraining problem of stocks becomes more difficult as a result of the developments which are taking place in the Greek cigarette market.

The rapid progress of Greek and foreign BLENDED brands whose production requires larger quantities of other tobacco varieties (Burley and Virginia) is the main feature of these developments.

This trend has been strengthened by the recent anti-smoking campaign which favours the supposedly "healthy" cigarettes of the foreign tobacco manufacturers but does nothing to contribute to the rapid liquidation of stocks and to a wider use of tobaccos for domestic consumption.

Moreover, general consumption in 1980 is expected to be reduced by about 3% with the same reduction percentage expected to prevail over the next few years.

In addition, it has to be noted that BLENDED brands will reach 18% of total consumption in 1980 and will probably increase further in 1981 and 1982 when new foreign brands, produced in Greece, are expected to appear in the market.

Greece's accession to the EC and these developments, will force the Greek tobacco manufacturers to make new, critical and decisive choices, if Greek tobacco manufacturing is to survive, and maintain its national character.

Free imports and the complete harmonisation of the Greek tax system to the Community's are two factors which will bring about these choices. The Ministry of Finance is already preparing a draft law that will establish in Greece the Community's mixed tax system which establishes a fixed and a proportionate tax.

This system, together with value added tax and the free setting of the weight of cigarettes will cause, and it is expected, drastic changes in the pattern of consumption and the position of tobacco companies. These companies will have to be appropriately prepared and ready to act in order to survive.

CSO: 4920

IMPORTATION OF BEEF, VEAL BANNED

Athens BUSINESS & FINANCE in English 11 Oct 80 pp 21, 22

[Text] The Hormone Scare

Early last week, EC Farm Ministers agreed to tighten controls on the use of hormones in animal feed, in the wake of a consumer campaign against veal consumption, because of health risks. Both France and Italy have demanded tighter EC legislation on the use of hormones, and the EC Commission is to draw up detailed proposals in the next few weeks.

In France, veal sales dropped after consumer groups alleged that farmers had been using hormones to boost production. In Italy stringent controls were imposed on both imported and locally produced veal, after health risk reports following the banning of veal sales by a local magistrate. Italian frontier checks led to the increased disruption of French calf and veal exports. In London, livestock breeders and exporters appealed for aid from the Ministry of Agriculture as the price of veal dropped by over two-thirds on the British market.

Greek Measures

Later in the week, Greece banned imports of fresh and frozen beef, veal, and meat products from Italy, France, Holland and Belgium. In an official statement, the Ministry of Agriculture said that this action had been taken for preventive reasons, and that no imported meat had so far been found to contain the hormone oestrogen. The Ministry of Commerce has asked the General State Laboratories to ban the import of baby food from Italy, for health reasons. The government has also ordered the appropriate authorities to make more frequent checks of imported meat.

Concerning domestically produced meat, veterinary surgeons have categorically stated that oestrogen is not used by Greek livestock breeders. The Greek Food Manufacturers Association has also stated that no hormones of any kind at all are used in the manufacture of Greek baby foods.

While such strong and definite assurances are good to hear, there must no doubt be considerable concern on the part of the public, about the necessary guarantees to back up such assurances. Who is in charge of ensuring that the necessary standards concerning the breeding of livestock are met in Greece, and how are the rules and regulations enforced? There has been a certain amount of confusion over the whole issue, as reported in the press.

The Imports

Turning to look at the question of the banned imports of meat from the various countries, we see that imports have been banned from Italy, Belgium, Holland and France. However, a closer look at the nature of the imports from each of these countries reveals certain puzzling facts.

From Belgium, Greece imports relatively few quantities of frozen meat, but frozen meat is not included in the present hormone scare. Greece imports fresh pork from Belgium, but again, this is not under suspicion at the present time.

From France, Greece imports only frozen meat, so there would appear to be no risk. Considerable quantities of fresh meat were imported two years ago, but this was beef--again, no risk.

According to reliable sources, there is some use in Italy of hormones in the production of the famous white veal, but Greece does not import this meat from Italy, importing only quantities of frozen beef.

Greece's only European sources of fresh veal, therefore, is Holland. There is possible cause for concern here, but the full extent of the danger, if any, is as yet unknown.

Of all the EC countries, most meat imports to Greece are from West Germany which is a country that has very strict legislation concerning the production of meat. The West German legislation is as strict as that of the USA, so it is fairly unlikely that there is any cause for concern as a result.

There have been scandals and scares concerning the production of meat in the past, and there will continue to be such scandals for as long as the situation in Greece remains the same. It is necessary for the government to take drastic action to alter the present system concerning the importation of meat into Greece.

Legislation--Flexibility Required

First of all, there is a need for considerable revision of the whole system of legislation concerning meat imports, which at the moment exists as 90% bureaucracy, and 10% substance. As a result, any certified junk can be imported into Greece. The presentation of a certificate that conforms with the specifications of the law, is accepted, regardless of the quality of the imports in question.

On the other hand, the presentation of a certificate with some slight error or omission, accompanying quality imports from such countries as West Germany, Canada, the USA, etc., can, and does lead to the rejection of such imports, despite the fact that the meat itself may be of a very high quality. There must be some control of the issuing of certificates in the country of origin of the meat imports.

Vet. Authorities--Complete Control

Secondly, there must be some measures taken to protect meat importers from the veterinary authorities, who sometimes misunderstand or misinterpret the law. The importers, under the present system, have no alternative authority to turn to, other than the veterinary authorities.

If a consignment is rejected by a veterinary surgeon for whatever reason, then the importer is entitled to appeal to a three-member committee. The members of this committee are the original vet, and two of his colleagues from the same office. Following their almost inevitable second rejection, the importer is then able to appeal to a five-member committee. This second committee is made up of the original vet, and two of his colleagues from the same office. Following their almost inevitable second rejection, the importer is then able to appeal to a five-member committee. This second committee is made up of the original vet, three of his colleagues, and a fifth vet who is chosen by the importer. Again, there is almost inevitably a majority 4:1 decision against the importer. A popular Greek saying would appear to fit this situation perfectly: "Yiannis kernal, Yiannis pini." (Johnny offers, but Johnny drinks).

Following the loss of both appeals, the importer is then entitled to apply a regular court, but by this time, of course, the meat is generally unfit for human consumption anyway.

The whole situation must be considered a completely unsatisfactory one, as it allows, in an essentially democratic country, absolute authority to be held in the hands of a small minority, and leaves ample room for misinterpretation and misunderstandings.

CSO: 4920

PAPER COMMENTS ON START OF NEW PARLIAMENTARY SESSION

Reykjavik MORGUNBLADID in Icelandic 11 Oct 80 p 24

[Editorial: "Promises and Keeping of Promises"]

[Text] In the manifesto of the current administration it says verbatim about price subsidies for the year 1980:

"Price increases on the merchandise and service under the Price Control Board will be subject to the following quarterly limitations for the year 1980: Until 1 May the limit is 8 percent. Till 1 August, 7 percent. Finally, till 1 November, 5 percent..."

No words are needed to describe how these promises have weathered the verdict of experience. The inflation has charged ahead, literally out of control, on all fronts of the economy. The cost of living index, which was 1,162 points in August 1978, when Geir Hallgrímsson's administration left office, had reached 2,600 points in August 1980. The cost of living index rose by 124 percent during the 2 years the People's Alliance was in office. This year all the administration's aforementioned quarterly limitations exploded, as the inflation will not be conquered with words and the People's Alliance has never been prepared to take measures that would secure a price level development here comparable with most of our trading countries--or a price level development comparable with the price level development that was successfully established here during the 11 years of the Reconstruction government in 1959-1971.

Prime Minister Gunnar Thoroddsen maintained in a television interview during the end of April this year, that the projected inflation in the country from the beginning of 1980 till the end of this year would be 40 percent and definitely not higher than 45 percent. In reference to that, Larus Jonsson, a member of parliament, made an inquiry in Althing to the prime minister, as this statement was inconsistent with the information the National Economic Institute gave to the Appropriations Committee, of which Jonsson is a member.

The prime minister said verbatim in his response: "It is quite obvious that the figures I mentioned are correct when compared with these estimates from the National Economic Institute....If the comparison is taken for the year from beginning to end, the total is 45 percent, that is the increase of the inflation during this period." The prime minister said further: "In this case, presuppositions are being made in the estimate the National Economic Institute issued; the presuppositions are that price changes affect prices in a similar way as before. Now it is quite obvious, on the other hand, that the administration's aim and policy is to change and the efforts have already begun.

The administration has appointed a special economic committee and a minister's committee to make proposals about economic measures. But everything remains unchanged. There is no sign of economic measures for the year 1980, as there is no agreement within the administration for such measures. The People's Alliance minister of finance allowed himself to be quoted this week saying that decisions in economic affairs are not to be expected until "around the New Year." Such late measures if they then surface, will hardly affect the price development for the year 1980. Moreover, the latest information from the National Economic Institute about price level development during the year is that the inflation, measured by the cost of living index, will increase from 52-54 percent from the beginning of the year until the end of the year, which means a 57-58 percent average increase during the year. This conclusion obviously clashes with the prime minister's statement about a 40-45 percent rate of inflation increase, but agrees with inflation forecasts the prime minister found reason to oppose during the television interview on 29 April this year.

The crux of the matter is that there is no unity within the administration to take measures in economic matters. The more responsible part of the Progressive Party's parliamentary group press for measures to be taken but the People's Alliance is obstinate. The People's Alliance stand firm on preventing any attempts to curb the inflation, just as they did in Olafur Johannesson's leftist government.

The coalition of the Independence Party and the Social Democratic Party, the Reconstruction government, succeeded in keeping the inflation below 10 percent, and sometimes quite a bit below 10 percent on the average, for more than a decade, or all the years they were in power, 1959-1971. Then the leftist government of Johannesson took over with the People's Alliance on board. During 3 years the inflation jumped to over 50 percent. Hallgrímsson's government succeeded in getting the inflation down to 26 percent during the middle of 1977, when unrealistic wage agreements, and later a new leftist government, revived the inflation ghost. Towards the end of this year, the current administration offers nothing but broken promises with 54 percent inflation increase for the whole year, and the cost of living index rising 58 percent on the average. Sometimes the blow is less effective when the hammer is raised too high, says the proverb. The administration's "price subsidies" have really been an embarrassment.

9583

CSO: 3111

FINANCE MINISTER PRESENTS PROGRAM TO ALTHING

Reykjavik MORGUNBLADID in Icelandic 14 Oct 80 p 48

[Article: "Budget Proposal 1981: Foreign Borrowing Increases 98 Percent-since Ragnar Arnalds' Budget Proposal in March"]

[Text] The final figures in the budget proposal that was presented in the Althing yesterday, is 533.6 billion kroner. This is a 61.54 percent increase from Tomas Arnason's budget proposal that was presented in October last year and 61.54 percent increase from the final figures Arnalds' budget proposal that was presented 10 March 1980. Compared with the 1980 Budget, adopted by the Althing 2 April, that is half a year ago, the increase is 54.15 percent according to this budget proposal.

According to the budget proposal, the national treasury surplus will be 7.1 billion kroner, or 1.33 percent of the total budget, and the balance of payment 3.8 billion, or 0.72 percent of the total budget. In Arnalds' budget proposal in March this year, the surplus was 1.61 percent, and the balance of payment 0.60 percent. In Arnason's budget proposal from the first session of the Althing last year, the surplus was 2.71 percent and the balance of payment 0.08 percent.

Foreign borrowing next year is estimated at little over 35 billion kroner, which is a 97.9 percent increase from Arnalds' budget proposal in March this year, and an 83.67 percent increase from Arnason's budget proposal. According to the 1980 budget, adopted 2 April, foreign borrowing increased by 63.88 percent.

The tax index is 145 points in the budget proposal. It is pointed out that personal income has increased by 48 percent from 1979 to 1980, so that the budget proposal anticipates a heavier tax burden on this year's income than is stated. The budget proposes various changes, for example, the income tax laws and property tax laws might be changed; the medical insurance laws and possibly other tax laws might be changed. It is stated in remarks about the proposal that some working groups have recently been discussing policy making in tax matters, regarding both direct and indirect taxation.

As a special item in the proposal "12 billion kroner are proposed to meet economic measures during the year 1981. Decisions about the disposal of the money are not available at this time."

BRIEFS

PRIME MINISTER ADDRESSES ALTHING--Prime Minister Gunnar Thoroddsen never did deliver a policy speech in the Althing last year. That task awaits him within 3 weeks from the opening of the Althing. The government manifesto states that during the year 1981 time limited price increases will be decided, in accordance with the goal of having reduced the rate of inflation in 1982 down to a rate of inflation similar to that of our main trading countries. The administration has not departed from this goal, so there will without a doubt be a special chapter devoted to percentage and dates in the policy speech. But will the administration stop at mentioning percentage and dates? What about the new demand of the Progressives that the subsidies also extend to agricultural prices, fish prices and salary compensations? A so-called Economic Affairs Committee was working on behalf of the prime minister this summer. It announced, with considerable fanfare, that it had finished its work. Very little has been heard about the proposals since then. The committee's work and proposals must rate very highly in the prime minister's speech. Will the prime minister use his speech to decide, once and for all, that the foreign minister does not have administrative powers regarding projects for the defense force on Keflavik Airport? What line of policy will be taken regarding the construction of a new terminal at the Keflavik Airport? Decisions in these matters in Sudurnes, where an all out effort to build up employment will be prepared, as it says in the chapter on foreign affairs in the government manifesto. Will the prime minister announce policy in the fishing affairs for the year 1981? According to the manifesto it is to be decided in a manner that interest groups realize in good time what rules will apply regarding the utilization of the fishing banks. Will the prime minister announce Ludvik Josepsson's lower interest rate policy or will he be loyal to the statutory provisions attributed to Olafur Johannesson? What new attack will the prime minister launch at the banks that he and the People's Alliance consider the main evil of Icelandic economic affairs (aside from Steingrimur Hermannsson's "prattling")? [Text] [Reykjavik MORGUNBLADID in Icelandic 11 Oct 80 p 15] 9583

FOREIGN MINISTER'S PROGRAM--The minister has been under heavy criticism from the People's Alliance members of parliament from the time of the close of the parliament last spring. First he was attacked for the agreement about the jurisdiction around Jan Mayen. Next he was blamed because of the communists statements about the presence of nuclear weapons in Iceland. Then there were the attacks because of the plans to renew the defense force's fuel storage tanks. Because of that he was called "Little-Stalin" by Olafur Ragnar Grimsson. Finally, the minister of social affairs has doubted that Johannesson understands the provisions of the law attributed to him, dealing with management of economic affairs. The foreign minister is accused of breaking the law by discharging personnel from the Duty Free Store at Keflavik Airport. The THJODVILJINN calls him a "causist" for doing that. If the People's Alliance is going to follow these matters through, all of them must be brought before the Althing. [Text] [Reykjavik MORGUNBLADID in Icelandic 11 Oct 80 p 15] 9583

PvdA ELECTS DEN UYL TO HEAD PARTY LIST

Rotterdam NRC HANDELSBLAD in Dutch 29 Sep 80 p 3

[Text] Amsterdam, 29 Sep--last Saturday the PvdA [Labor Party] Party Council unanimously appointed Den Uyl to head the slate of candidates for the coming elections for the Second Chamber.

In appointing Den Uyl--in spite of many objections--the Party Council indirectly accepted his reservation that the election program Voorwaarts [Forward] make no mention of the fact that The Netherlands rejects all nuclear arms.

After it had appointed Den Uyl slate leader the Party Council nevertheless almost adopted the point of view that all nuclear arms be taken out of The Netherlands. A proposal to this effect from the chapters Amsterdam and Utrecht was rejected by 58 votes in favor and 58 votes against.

Den Uyl's unanimous appointment to head of the party list came about under strong pressure by the party management. It considered proposals of a few chapters to postpone the appointment, because of Den Uyl's reservation, till after the February election congress as a rejection of Den Uyl.

Criticism from the Party Council focused on the idea that Den Uyl's condition for the not yet definitely determined election program amounted to unacceptable use of pressure. Den Uyl's condition was seen by some as an unpalatable threat.

Party chairman Van den Berg emphasized in the name of the party management that a candidate for slate leadership has the right, if used sparingly, to indicate in this manner the limits of his responsibility. "There is nothing dirty about it, it is part and parcel of politics."

In the end, under pressure of the party management some proposals against Den Uyl's immediate appointment were withdrawn. A proposal of the chapter Utrecht to let Den Uyl determine his point of view only after the election congress was rejected by a large majority. Den Uyl was then unanimously elected head of the list of candidates under applause.

After his appointment Den Uyl explained that complete repudiation of all nuclear weapons is unthinkable in international relations. He said to the Party Council: "In the past years I experienced in international relations what can and what cannot be done."

Den Uyl emphasized that the present viewpoint of the PvdA election program--no installation of cruise missiles and unilateral Dutch disarmament measures--would already place The Netherlands within NATO under phenomenal pressure; we will have to do all we can to achieve that.

The PvdA leader emphatically denied that his refusal to get rid of all nuclear weapons was connected with possible negative election effects and problems in forming a coalition. "It is the most I am willing to permit. As far as the problem of nuclear arms is concerned I am only interested in a thorough investigation of the question: what will give us the best possibilities?"

Go According to the Times

After his appointment to head of the list of candidates party chairman Van den Berg labeled Den Uyl a person "whose heart and soul are in the party." He complimented the slate leader with the way he had adapted to the various periods since 1966. "He has always done things in accordance with the times and he will go on doing so," according to Van den Berg.

The Party Council adopted the viewpoint of the party management in upholding the purchasing power of the social minimum incomes in 1981. On behalf of the faction, financial expert H. Konbrink guaranteed only that "the party will do its utmost best." Simultaneously he warned that excessively high border lines for maintenance of purchasing power would lead in other areas to bothersome cuts.

10319
CS0: 3105

VOTERS' MOVE FROM SOCIALISTS TO CONSERVATIVES CONTINUES

Helsinki Helsingin Sanomat in Finnish 8 Oct 80 p 25

[Article by Erkki Pennanen: "Speaker for Right Sways Norwegian Government"]

[Text] The wind from the right, which has gotten stronger throughout the 1970's, is blowing hard against Prime Minister Odvar Nordli's Labor Party government. The conversion of the Norwegian Parliament's one-seat socialist majority into a middle-class majority during the parliamentary elections held a year ago seems from this point in time to be a more certain development than ever before.

With the exception of this brief interval, the Social Democratic Labor Party has opposed government policy in postwar Norway in an almost as matter-of-course a manner as the Social Democrats in Sweden did up to the mid-1970's. In the minority government too, it has been able to count on a majority in Parliament through the support of the small, socialist Liberal Party's two or three representatives.

The country's second largest party, during the past few years the party of the right, the Conservative Party, has, nevertheless, increased its support by nearly half, or from 20 percent at the start of the 1970's to about 30 percent. This increase is particularly dazzling since support for the Labor Party during the same period dropped to under 40 percent.

The issue appears to be rather the much more profound change in Norwegian politics than merely growing dissatisfaction with the Labor Party, which has been in power for such a long time.

Classless Youth

The wind from the right is blowing strongest of all among the nation's young people. During the communal elections held a year ago, 41 percent of those who voted for the first time voted for the Conservative Party and only 16 percent for the Labor Party.

Sociologists speak of the "classless" youth of an educated society who have liberated themselves from the society and class background of their parents.

The Labor Party's slogan, "solidarity for a common future," does not appear to attract today's Norwegian youth. According to well-known Norwegian election expert Prof Henry Valen's analysis of the reasons behind this development, authority from above, central leadership, appears to annoy them.

"Selfishness is characteristic of today's Norwegian youth, the desire to be concerned only about one's own affairs," he said crushingly with the authority of a man of science.

The growth in popularity of the Conservative Party, especially among young people, by no means appears to be an indication of the conservative movement's advance at the expense of the progressive movement. The Conservative Party's youth organization is more active than all the others and it manages to attack the Labor Party from the left.

Right Past the Center

In general, an ever greater number of voters seem to be switching from the Labor Party to the Conservative Party right past the so-called center parties, whose special interest advocates often happen to follow much older lines than the party of the right, the Conservative Party.

The Conservative Party and the Labor Party follow largely the same lines, in opposition to the other parties, on many important issues involving the evolution of Norwegian society such as even the growth and oil policies.

The development of the past few years in Norway has been moving in the direction of two major-party systems. We are, however, still far from a two-party system since neither of the major parties is capable of governing without the cooperation of the other parties.

In the present Parliament, the left-nonleft balance of power is 76 to 77, or the Labor Party is able to govern with the support of the leftist socialist Liberal Party's two representatives.

All signs and opinion polls point to the left majority's changing to a nonsocialist majority in next year's elections.

At this point in time, however, it would appear to be very hard for the majority government to accomplish anything in the middle-class camp. Conservative Party efforts to put together a "third coalition party," or a common front composed of the Conservative, Christian People's and Center Parties, have thus far met with a particularly cold reception.

The Christian People's Party vehemently opposes the present abortion law and the Center Party, which has closely stuck to being a farmers party, follow very different lines from those of the Conservative Party on many important political issues.

Bestowing the prime minister's portfolio on the Conservative Party is such a disagreeable thought to the other coalition parties that the Conservative Party does not dare to raise too loud a voice at this point on its self-evident demand. Several experts agree that an obviously strong candidate for a middle-class government would be Conservative Party parliamentary leader Kare Willech, who is known for his deft jabs at Finnish doubters of Norway's security policy when he takes the floor at Nordic Council sessions.

Strong Leadership Yearned For

There appears to be a yearning for strong political leadership in Norway, the likes of which the country has not had during Rinar Gerhardsen's administration.

Norwegians agree that the 1980's will be a decade of important decisions for the country — not the least of which will involve the growing significance of oil. What is now needed is a strong government, the likes of which is, however, not in sight. Instead, Norway is moving into a period of ever more certainly continuing minority governments and uncertain government coalitions.

11,466
CDO: 3107

BUDGET BILL EXPECTED TO PASS WITH FEW CHANGES BY OPPOSITION

Oil Taxes Allow Cuts

Oslo HANDELS OG SJOFARTSTIDENDE in Norwegian 7 Oct 80 p 13

[Article by Nils Petter Tandero: "Ulf Sand, What Are You Doing with Our Oil Money?"]

[Text] The oil income share of the state and national budgets of over 100 billion will in 1981 be 28 billion kroner. A main point in evaluation of the presented documents is of course how high a mark is to be given the government in this connection. It can be asserted that the government has not been able to put its finger on why the foreign accounts balance has changed from a surplus of 4 billion kroner in 1980 to a deficit of 3 billion in 1981.

Of this deficit, imports will increase relatively heavily during the budget period, and if we see the connection reduced export growth and thus lessened need for imports it lies close at hand to conclude that high public demand is one of the main causes of the deficit.

One can ask whether, in view of the budget deficit, the government has planned a creditable development in foreign trade. Here, payments of about 5 billion in 1981 on foreign debt is to be regarded as clearly positive, but nevertheless financial policy should have been tightened so that the surplus development in foreign trade could have been maintained. It hurts Norwegian credit worthiness abroad to use up every cent and more of the oil income. Discussion on placement of oil money abroad is thereby put farther off into the future.

Bureaucracy To Be Expected?

The government's justification for maintaining an expansive finance policy is maintenance of full employment. This candidly smacks of a "selective support policy" once more. The problems of the enterprises cannot be resolved via such finance policy efforts. Especially not when enterprise taxation is not taken up in the budget. A separate surprise package will be presented in the form of a proposition in the fall. Does the government have a genie in a bottle up its sleeve? A change-over to indirect taxation will in itself act to stimulate employment, despite considerable fee increases. According to Director Odd Aukrust of the Central Bureau of Statistics we have overemployment in significant areas in Norway, and a further development of the public sector will create pressures. The fact is that profitable investments in the economy can carry Norway through difficult economic conditions.

According to the OECD, Norway will get along best in areas together with Finland [sic], but the government is more pessimistic, estimating the GNP growth at 1 percent in Norway in 1981 to be in line with the OECD average. Thus the government has in the budget stressed stimulation of housing construction and industrial expansion. But Director Ingvar Strøm of the Norwegian Banking Association says that there is moderate satisfaction with an increase in the loan framework from about 7 billion in the 1980 budget to about 10 billion in the 1981 budget. In his opinion there will be no possibility of a loan increase next year.

Thus the puzzle is given: It is not on the private side that expansion will take place, because the government maintains a restrictive money and credit policy. This is true of course, under existing conditions, but a better balance between financing and money and credit policies can shunt means into profitable investments instead of channeling money into an increased bureaucracy in the hands of the state.

Lowest Profitableness in the North

The government is aware of this paradox, and itself put its finger on the complex: "The situation may indicate that greater weight must be assigned to efforts that more directly stimulate increased productivity and reorganization," state the budget. To bring about such reorganization one must of course reduce the state's consumption and investments in order to channel means into profitable industry. It is a positive feature that industrial enterprises can borrow freely in the Norwegian bond market for the purpose of financing new industrial projects.

This market can become an important source of capital. In the state budget 2.4 billion has been set aside for industrial purposes in the form of loans and subsidies. This is an increase over 1980. An important part of it is continuation of means for the shipbuilding industry, which will receive a total 890 million next year. It is very important, however, that these are means to be used for conversion purposes, not in the form of direct subsidies to maintain unprofitable and thereby useless activities. Increased mobility in the labor market will be defended by many in view of the country's low unemployment rate.

Otherwise there is little in the budget concerning the perhaps most important thing connected with employment: What about enterprise earnings seen in connection with self-financing? Has anything been done to strengthen self-financing in the enterprises seen from this perspective? The entire budget is characterized by little understanding of enterprise economics seen from the perspective of socioeconomics. The government writes that it is seen that "a high rate of investment presupposes satisfactory operations results," but this applies to perspectives of the 1980s, not to the 1981 budget.

Nothing has been done to the employer and investment tax, except for the graduation for northern Norway. Profitableness in Norwegian enterprises is the lowest in the North, and one might ask whether there is sufficient stimulance in creating a free bond market, with this market's importance to the interest rate.

Different Taxation Effect

If in connection with a change in the tax structure the government wishes to compensate for income reduction the effect upon the economy is completely different. Ordinary taxes reduce buyingpower, while the effect of oil taxes is the opposite, i.e., it

is expansive. Thus the use of oil money the way the government does it in the 1981 budget via an expansive finance policy, with increased expenditures for public development, will lead to increased imports and a price spiral which can produce a Kuwaiti like economic effect." Thus the oil money is eaten up instead of being channeled into profitable projects.

Norway or foreign countries; if an increased channeling of oil money increases productivity it will have a damping effect on price and wage increases, and there can be reduced pressure upon employment, which may be sensible in a hot oil economy. Of course, wage settlements next spring will be decisive for price increases in this country not exceeding 15 percent in 1981.

On the whole it can be said that the lending rate growth of 11.5 percent for the state banks in 1981 is too high in relation to the 11 percent rate for the private banks. Here the proportion has been distorted for a long time. For their part, the private banks cannot reckon with increasing their loans primarily to economic enterprises. Thereby the state and national budget produces the impression that the oil money is used for greasing the wheels of bureaucracy further, with no real efforts being made to assure that the oil income is invested in the economy for the benefit of the whole country. Thus the government has presented an expansive oil budget with the stamp upon it of inflation-producing tendencies. The main question here is only whether this is good management of the oil money. One may be tempted to ask Ulf Sand what he is doing with our oil money.

Tight Credit Policy

Oslo HANDELS OG SJOFARTSTIDENDE in Norwegian 7 Oct 80 pp 14-15

[Article: "Here is the Government's Economic Plan"]

[Text] The main goals of the government's economic plan for 1981 are full employment, moderate price and cost increases, a warrantable development of foreign trade, and assuring a high standard of living and a socially just distribution. A relatively expansive finance policy and a continued strict money and credit policy are planned. At the same time, the government proposes unusually large changes in taxation policies, with great relief for upper brackets, increased special fees, reduced subsidies, and removal of value-added tax compensation on a number of foodstuffs.

This produces a state budget that will put greater pressure upon prices than usual, at a time when our cost increases are higher than those of our trade partners. And with reduced higher bracket taxes, which in themselves produce considerable unfortunate distribution effects, the government imposes upon the partners in the employment field responsibility for maintaining our ability to compete and for assuring a secure social profile in the wage settlements next year.

Goals in Conflict

To a certain degree, the main goals are in conflict. If full employment is to be maintained next year economic prospects call for domestic demand being kept up. The goals of income and distribution policies also call for an expansive finance policy if at the same time growth in the total tax and fee level is to be avoided. On the other hand, price goals and the desire not to weaken competitive ability--and thereby the possibility of maintaining full employment over the longer range--set limits to

how expansive the plan can be. Consideration for the foreign trade balance also pulls in the same direction. However, the government thinks it has arrived at a good balance among the considerations in its economic plan for 1981.

Responsibility in the Employment Field

In the opinion of the government it must be a main responsibility of the partners in the field of employment to arrive at wage contracts next year that will not too greatly weaken our ability to compete. It refers to the fact that the LO [National Federation of Trade Unions] and the NAF [Norwegian Association of Employers] have agreed that one goal is that of improving our ability to compete in coming years.

The government's contribution to assuring full employment is found in the economic plan. However, the social profile arrived at in the wage settlements this year is to be carried forward next year. To counteract the unfortunate effects of easing of high bracket taxes all parties to the labor market must therefore seek to arrive at a social profile in income increases. The national budget presents figures which show that income increases for all in kroner from 1980 to 1981 will provide an acceptable development in real income.

If the income settlement is not given such a form the tax plan must be reevaluated. In other words, if those who benefit most from the tax reform also benefit most from income settlements, the government is ready to take it back by means of a new increase in high bracket taxes.

A Fifth Vacation Week

The government is ready to propose that vacations be lengthened to 5 weeks for all and to 6 weeks for those over 65, beginning with the 1982 vacation--with the possibility of local agreements on shorter working time per day or week. An increased vacation is a real standard of life improvement and an alternative to increased income. Wage earners must therefore reckon with a correspondingly lower real income improvement from 1981 to 1982.

The time of adjustment of basic amounts and special supplements in the people's pension is moved from 1 January to 1 May, but as a transition arrangement the basic pension is increased by 500 kroner to 17,400 kroner as of 1 January. This results in a minimum pension of 25,556 kroner for single individuals and 41,118 kroner for married couples, both of whom are entitled to pensions, increases of 1,211 and 1,770 kroner, respectively.

Tax Changes

The 10 percent average upward movement of the tax brackets and the 5 percent reduction in the tax rate at each step, together with the increase of 552 kroner for the first child and 192 kroner for each additional child in child subsidies produce reductions of about 5.4 billion kroner annually. Reduced subsidies, removal of compensation for value-added tax on a number of foods and increases in most special fees turn about 2.9 billion kroner back to the state treasury, so that on an annual basis, relief to consumers will amount to about 2.4 billion kroner.

Aside from that produced by the tax relief, the government has no funds in the state budget for the income settlement next spring--only means in the contingent fund for pension increases on 1 May.

Leveling of Oil Production

Leveling of oil production and reduced investments will next year for the first time in a long time cause the gross national product to show a considerable increase, with oil and shipping excluded. In total, the GNP is expected to increase by 1 percent next year, with oil and shipping excluded the increase expected is 2 percent. However, a safety margin in the form of a "downward adjustment factor for planning purposes" for oil exports has been added. This factor was 5 percent this year, so the picture can change.

Total domestic consumption is expected to rise by 2.7 percent by volume next year, as against 3.2 percent this year. The increase in private consumption will be somewhat higher next year than this, 2.0 percent as against 1.5 percent. In the estimates, public consumption growth goes down from 4.9 to 4.2 percent, with growth in the municipal sector unchanged at 3 percent.

Total investments are expected to increase by 3.5 percent, as against 4.2 percent this year. However, the reduction is due to an expected reduction of oil investments by 27 percent next year, while onshore investment in enterprises is expected to increase from 2.8 to 4.1 percent. According to the national budget, public investment will go down by 3.2 percent.

Change Coming in the Economic Picture?

Industrial production is expected to be about the same next year as this year and continue to be 1 to 2 percent below the top level of 1974. A certain growth in employment is expected--about one-half percent, measured in the number of man-years, and somewhat higher in the number of persons working because part-time work is expected to continue to increase.

Our traditional goods exports have gone down, after the high figures in the first quarter, and are expected to drop during the rest of the year. Developments next year will depend upon when a downturn in the economy may come. But even the government's estimate of unchanged exports next year will require relatively high growth through 1981, and therefore it does not ignore the possibility that our traditional exports may drop next year.

Ship imports are expected to more than double next year, this being the main reason why imports are expected to increase about as much in 1981 as this year, by 3.2 percent. Imports of equipment for the oil activities will go down by 16 percent, and ordinary commodity imports will increase by only .4 percent, according to the estimates.

Deficit in Foreign Accounts

After improvement in our foreign accounts balance year after year since 1974 until it showed a surplus of 4.4 billion kroner this year, a deficit of 2.9 billion is expected next year. The reasons are a low increase in the value of oil and gas exports, no increase in commodity exports, continued increase in ship imports, that import prices are expected to increase almost twice as much as export prices, and that the deficit in the interest and subsidy balance increases because the oil sector will have high dividend payments to make next year. The balance is still favorable,

but weakened from a surplus of 16.4 billion this year to 12.1 billion next year. But with shipping and oil excluded from the foreign accounts, mainland Norway's deficit increases from 36 to 42 billion next year.

Restrictive Credit Policy

A restrictive money and credit policy is still necessary, but there are limits how restrictive it can be if goals for the various sectors are to be reached. Investments in industry, power plants, and housing will be given priority next year, and the limit of loans by savings and business banks is increased from about 7 billion to 10 billion kroner. The loan limit of state banks, on the other hand, is kept about unchanged, at 11.8 billion kroner. Of this, 5,025 million is earmarked for housing construction, and start of construction of 37,000 units is planned for next year, 1,000 more than this year.

Activization of the domestic bond market is to be carried forward next year, enabling enterprises to secure longterm credit in this market on terms applicable at the time. The state will in loan programs and in establishing interest rates for government bonds take into consideration that considerable amounts of credit must be available to persons and municipalities to make implementation of the economic plan possible.

Because the difference in the level of interest rates between private banks and state banks is still great, the pressure upon the state banks for loans is great. It is therefore proposed that the interest rate on state bank loans be increased by 1 percent. At the same time, it is proposed that interest be charged during the study time on loans by the state's loan fund for education.

Opposition Accepts Main Points

Oslo ARBEIDERBLADET in Norwegian 7 Oct 80 p 2

[Article: "Main Points of Budget Will Probably be Accepted"]

[Excerpts] Despite the great changes it seems probable that the state budget will be adopted by a majority in the Storting. The tax plan is close to the one the Storting majority asked for during the debate on the tax sketch last spring. The government's proposal is well adjusted to the result of the finance committee's discussion of the tax question. Thus there is reason to believe that the tax reform will have broad support in the Storting.

Initially, the Labor Party must probably depend upon the votes of the intermediary parties to have the tax reform adopted. The Conservative party has already warned that the party will take a closer look at whether the tax reform has been undertaken in the best possible way. Alternatively, however, the Conservatives can vote for the government's plan after the party's own proposal has been rejected.

NORIMPOD, Svalbard, Defense Outlays

Oslo ARBEIDERBLADET in Norwegian 7 Oct 80 p 2.

[Article: "A Few Lines About--"]

[Excerpts] The government has set aside 35 million kroner in appropriation for a new power plant in Longyearbyen in Svalbard.

The Ministry of Trade will be the smallest ministry in our administration, measured in the total appropriation in the budget. The reason is that administration of the country's foreign debt is being transferred from the Ministry of Trade to the Finance Ministry.

NORIMPOD, the office for guidance of imports to Norway from developing countries has been recommended as a permanent project.

The program for purchasing F-16 fighter aircraft requires outlays of close to 1.4 billion kroner in 1981, or a little less than 80 percent of investment appropriations for materiel. Beginning in 1982, however, the share for F-16 will be reduced at an increasing pace to provide for projects that have had to be postponed.

The Coast Guard will receive 47.7 million kroner for operations, and 383.2 million kroner for large new acquisitions. Expansion of the coast guard includes three ice-reinforced vessels, six helicopters, and three surveillance aircraft. The aircraft have been delivered, while the vessels and the helicopters are to be delivered in 1981. The defense ministry is considering full integration of the Coast Guard into the defense budget when expansion of the Coast Guard is completed. Defense reckons with paying salaries to 12,491 officers and 10,583 civilian employees in 1981, and 273 officers and civilians in the coast guard. This means that the man-years for officers and civilians has gone down by 90, but increased by 31 in the coast guard over last year.

The ordinary first-time service in defense is to be of the same length this year as last year. An increase of 33,300 service days is proposed for refresher exercises.

The classifications "Combat" and "Fit for Work" have been removed. Instead, draftees are given a "qualification profile," which includes medical data, education, professional experience, and other knowledge and skills. The number of draftees will in 1981 amount to about 36,600 men.

Income to the defense forces due to allied exercises in Norway: It is calculated that 2.5 million kroner will be received to cover expenditures for mess service and board and lodging outlays when foreign reinforcement units conduct exercises in Norway. The amount also includes payment for outlays Norway will have by furnishing aircraft and control and warning stations in electronic warfare during exercises.

11,256
CSO: 3108

BORAN TRIAL POSTPONED TO JANUARY

Istanbul TERCUMAN in Turkish 17 Oct 80 pp 1, 12

[Text] The Ankara Martial Law Command, which is to try Behice Boran, chairwoman of the shut-down Turkish Workers Party, has postponed the trial until January 1981 because of a lack of clarity with regard to the situation that has emerged since 12 September and the status of the Constitution and the Constitutional Court.

The case against Behice Boran was opened on the charge that she presented communist propaganda in the course of radio and television speeches during the last elections. Boran's lawyers have requested the (military) court transfer the matter to the Constitutional Court, asserting that Article 142 of the Turkish Penal Code (under which she is being prosecuted) is unconstitutional.

Taking into consideration events after 12 September, the First Military Court issued the following ruling during a hearing the evening before last:

"In light of the takeover by Turkish Martial Law Forces, whose duty is to safeguard the Turkish Republic, and their assumption of legislative authority following the dissolution of parliament per the provisions of the 12 September 1980 Internal Services Law; and by the fact that to date neither an interim nor permanent constitution has been prepared and promulgated, and that, in the face of these facts, the legal admissibility of judicial officers appealing to the Constitutional Court has as yet not been determined, it is unanimously ruled that the case file will be reexamined until conditions set down by the (National Security) Council are clarified; therefore, the second hearing is to be postponed until 1400 hours on 14 January 1981.

CSO: 4907

END

END OF

FICHE

DATE FILMED

24 Nov. 1980

DD